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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

FBIS

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EAST EUROPE REPORT

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INTERNATIONAL AFFAIRS

CEMA COOPERATION SHORTCOMINGS DESCRIBED

Warsaw POLITYKA in Polish 21 Sep 85; supplement POLITYKA EKSPORT IMPORT No 18, Sep 85 p 14

[Article by Bogda Zukowska: "Cooperation Inside the CEMA Fails Expectations"]

[Text] Even if it were true that partners in Czechoslovakia can be easily reached by phone from Ursus or Lubartow and partners in Hungary from Bielsko or Jelcz, directors of the Ursus tractor factory, the Unitra electronics company, the Jelcz bus-and-truck manufacturer or the FSM car factory would still have trouble when trying to sort out by phone with their partners just what kind of goods or when should be shipped next. "This is not easy at all" you will hear both from people at the Planning Commission and from individual company directors.

This holds for all deals Poland has not only with Czechoslovakia or Hungary but with the other socialist countries as well. In between what Poland's industrial cooperation with the CEMA should be and what it is, there is the economic reality, which creates constraints, apart from opportunities, for the companies involved.

Everybody knows there is a lot to gain from cooperation and specialization agreements. Batches can be made longer, which means lower costs, better plant utilization, and more effective research and development. Products should be cheaper and more up-to-date.

Poland now has 18 cooperation and specialization agreements with Czechoslovakia, which account for some 20 percent of the total bilateral trade value. With Hungary Poland has 17 such deals, which account for 15 percent of the total trade figure with that country. I have picked these two countries because they furnish the best illustration of processes which are typical of cooperation inside the CEMA. Cooperation arrangements embrace mostly engineering products. Only five deals with each of these countries concern chemicals.

Heavy-duty tractors made by the Ursus factory and radio-cassettes from Unitra of Lubartow are the two biggest items. The buses made in Jelcz on chassis supplied by the Hungarian Ikarus, as well as the Fiat-126p small car with Hungarian-made pistons and rings and dashboard meters mounted on them, have become symbols of Polish-Hungarian cooperation.

But, if cooperation has so many advantages as a way of joining forces to resolve typical production problems, why are so few cooperation agreements under way?

Things Look Different When Seen From the Top

The model of cooperation which was outlined more than 20 years ago, when the first-ever agreement ("on cooperation in the production of tractors") was being worked out, can be called a static one. To put it in a somewhat simplified fashion, the partner was seen to have what we needed, and the decision itself was made at government level. Problems of scale, which are most common in the heavy and engineering industries, were better seen from the top, which explains why these industries stand practically alone in having this type of deals.

Apart from the Planning Commission and the ministries, industrial associations also began to join in working out such agreements. With time, even working groups composed of representatives of individual companies were formed for this purpose. However, when it came to making decisions, they had little say even though it was the industries themselves whose performance decided whether such undertakings would succeed or fail. This "static" approach toward industrial cooperation is alive and well up to this day, as can be seen from the fact that such deals are given the rank of international agreements, and also from their very structure. Efficiency considerations or economic inputs which would compel the cooperating companies to carry out the undertakings, are still only second-rate factors.

The experience the Ursus factory (the first Polish company to embark on cooperation) has gathered indicates that these considerations tend to become the ultimately decisive factors only if the cooperating partners maintain direct links with each other for several years. Even so, decisions concerning the allocation of production tasks for each of the partners are even now made with a view to the quality of plant each of them has at disposal and to the access each of them has to raw materials and components rather than on the ground of any efficiency analysis.

Naturally, the very existence of the above-mentioned working groups can be cited as evidence that decentralization has indeed been expanding. Also, these groups undoubtedly play the part of institutions which "cushion" the impact of differences in management and planning systems. Despite this, interests of individual companies are still not being taken into account sufficiently. The inefficient system, which amounts to balancing turnover in branch groups within annual trade protocols and to identifying possible areas of cooperation in the traditional manner, is becoming a considerable barrier to cooperation.

Programs Alone Will Not Do

Those in charge of FSM's foreign-trade department are very happy with their cooperation deal with Hungary. The pistons and other components supplied by the Hungarians are paid off with complete cars (4,300 units last year). FSM has a special employee in Hungary whose only job is to make sure there is

no trouble. It turns out that the deal's rank as a government-level agreement helps when something goes wrong. The fact that a company has links with foreign manufacturers also influence cooperating companies at home. Sometimes this works as a scare, as it did in the case of alternate current generators. The manufacturer of these machines, which has monopoly power in Poland, dictated "negotiated" prices to the Bielsko car factory. But when the generator manufacturer saw it could forfeit the entire big order because FSM could buy similar machines from a Hungarian firm, it buckled.

But along with tangible benefits of cooperation one can promptly mention some barriers companies engaged in such deals are stumbling over. Our cooperation agreements are always compromises between long-term goals pursued by the central economic authority and manufacturers' immediate demands and constraints. This mirrors the contradictions between programs on paper and real-world conditions.

Cooperation is hampered by "bottlenecks" in production and exports such as insufficient quantities of raw materials and components, rising prices, manpower shortages, difficulties in mastering new production techniques, or quality standards and delivery deadlines.

In the cooperation agreement on the Fiat-126p, the Polish side managed to get the Hungarians to accept the condition that any element failing to meet official certification requirements must be bought in the West. I fear to think how terrible a blow such a clause could be for Polish companies.

The so-called hard-currency input, which was largely ignored in the 1970s, has now become a serious problem. The partner now has to pay for that input in hard currency or else the deal is off. This too acts as a constraint on cooperation, but it may become an incentive for changes in the long run. The snag is, there are no effective mechanisms at work in socialist countries which would make industries in different countries genuinely interested in seeking joint production ventures. Yet such mechanisms are needed no less urgently than long-term programs.

Exports Always Involve Troubles

From the foreign-trade ministry angle, a cooperation agreement does not differ significantly from other import or export transactions. Submitting such agreements to the overall rules of trade with socialist countries implies primarily that cooperation deliveries must be balanced within individual commodity groups, and this of course limits the area of interest and the range of deals for potential partners. Those agreements which are already working present a variety of price and currency problems, and it is in this respect that the drawbacks of separating trade from manufacture are more visible than elsewhere. In negotiations they conduct, foreign-trade companies therefore focus not so much on what possible benefits can be drawn from specialization in the production of specific elements or parts as on transaction prices. Partners on both sides, represented by foreign-trade companies, instead of seeking to cut costs, concentrate on persuading each other that their costs are rising.

The very considerable increases of production supply prices [which usually are not quite offset by corresponding changes in currency exchange rates] put Polish companies in an unusual position. On the one hand, these companies cease to be competitive enough as suppliers of cooperation elements. On the other, Hungarian or Czechoslovak companies may become more attractive as suppliers because the same elements would cost much more if bought from domestic manufacturers.

But even from the angle of the individual company, cooperation does not differ substantially from other export contracts concluded with socialist countries. As a rule cooperation is no less trouble-ridden than any other kind of production for export. The circumstance that a company has a cooperation agreement with a foreign enterprise by itself in no way strengthens the given company's position in the line for "guaranteed" production supplies, nor does it provide any extra incentives for increasing sales abroad.

Which Way To Modernity?

The Planning Commission's 1986-90 development programs for specialization and cooperation provide for the renewal of existing agreements and for concluding new ones. Eleven new such agreements are to be concluded with Hungary, chiefly involving electronic goods, automotive parts, power plant, and farming and food-processing machinery. Altogether these agreements are to boost the value of trade by 20 percent in the automotive sector and by some 23 percent in the chemical sector.

The list of new agreements to be concluded with Czechoslovakia includes 24 items, only two of which involve chemicals, the rest involving various branches of the engineering sector, most of them electronic goods. This is expected to boost trade in 1986-90 by an aggregate 30 percent over the previous five-year period.

These examples show that despite certain changes, Poland will enter the last decade of the 20th century with its traditional cooperation patterns. It is only in electronics that any bolder efforts are being made for expanding cooperation. New opportunities arise for scientific and technical cooperation in the area of robotics. The Mera-Piap company and the Precision Mechanics Institute are interested in this, as is an institute from Presov in Czechoslovakia. But this is all in the phase of projects only at present.

Why, it may be asked, have cooperation arrangements so far failed to bring about any substantial technical progress? Why have they failed to enforce it? This is true both of the biggest agreements and of small deals. A question of so great importance merits being watched more closely in the upcoming five-year period. The experience of Ursus shows that even a joint institute is no remedy for problems involved in the design and production of new products. Cooperation agreements have resulted in the production of certain goods which are needed by both partners but which don't make the national economies any more advanced technically. Nor are these products competitive in third markets. No more than 12-14 percent of all products manufactured on the basis of cooperation agreements are estimated to find buyers in payments zone II countries

[hard-currency dominated markets]. Apart from the above-mentioned heavy-duty tractors, such potentially marketable goods include some of the products which are manufactured on licenses from Western companies.

So, the benefits of cooperation have yet to be exploited in these two extremely significant areas of innovation and competition. I think a philosophy which implies that industrial companies should go "partly single-handed, partly with others" will no longer do for 1986-90, whether for Poland or for its partners in CEMA countries.

CSO: 2020/18

INTERNATIONAL AFFAIRS

ADVANTAGES OF JOINT VENTURES FOR ROMANIANS, OTHER BLOC COUNTRIES

Bucharest REVISTA ECONOMICA in Romanian No 33, 6 Aug 85 pp 27-28

[Article by Ioan Popa: "Joint Ventures - An Advanced Form of International Economic Cooperation"]

[Text] The rapid expansion of the joint-venture type contract is an expression of the new requirements concerning the techniques and mechanisms for achieving international transactions under conditions of the ineluctable deepening of the economic interdependency among nations, the changes that have occurred in the international division of labor in recent years and the impact of technology upon production and trade. As a modern form of association, the joint venture represents an economic enterprise that has been created through the contribution of capital from certain partners in different countries for the purpose of achieving a durable cooperation in marketing and sales, production and services, financing and banking, and so forth, by way of sharing profits and risks.

Placing the partners' joint activities on the basis of the new principles of international economic cooperation, normally making an equal contribution to the realization of the activities, which are appropriately expressed by way of participation in management and administration, and having the partners pursue certain broader economic results beyond the immediate interests of maximizing profits, give this type of transaction a series of attributes characteristic of international economic cooperation and organic cooperation.

A Factor in Promoting East-West Economic Relations

There has been a remarkable development of cooperation by way of joint ventures in the relations between countries having different social-economic systems, a reflection of the new evolution in economic interdependency in East-West relations and of certain factors and requirements, such as: the increase and diversification in the exports of the socialist countries and the growth of foreign demand for the products of these countries; the need to go beyond certain tariff and non-tariff obstacles which affect commercial trade; and the importance of continuing to adapt management methods among exporters to the specific nature of the sales markets.

Of the more than 400 joint ventures involving socialist countries that were created in the developed capitalist countries, approximately 70 percent were

created for the purpose of spurring the export of industrial products, opening new market segments and broadly applying modern marketing principles and techniques for publicity and sales. Thus, the export of those products from the machine building industry is achieved principally by the majority of the socialist countries through their own ventures and by joint ventures headquartered in Western markets. The enterprise Strojimport, the main producer of machine-tools in Czechoslovakia, exports, for example, its products on the Western European market principally by way of a joint sales venture. In this, the Stim-Italiana joint venture, headquartered in Milan, is a dealer known on the Italian market, with 20 regional representatives. The Soviet foreign trade enterprise Traktor-export is the main party to seven joint ventures established in North America, Western Europe and Australia, having as its purpose the sale of Soviet tractors in these markets. The Bulgarian export enterprise Balkanar has its own offices and services representatives in 35 countries and joint sales ventures in a number of West European countries, which ensures the sales of utility vehicles produced in Bulgaria.

Joint ventures are the preferred format for sales in the area of exporting chemical products, especially high-volume chemicals. Thus, Czechoslovakia has 12 joint ventures in this field in the main countries in Western Europe; the USSR has 5; and Bulgaria has 3.

Romania has good experience in cooperation by way of joint trade ventures, concluding over 30 contracts of this type from 1967 to the present. Joint ventures have proven to be efficient means for the diversification and improvement of the structure of Romanian exports, allowing Romanian exporters to get closer to the sales market, eliminating intermediaries, permanently and effectively adapting exports to evolutions and the specific nature in the sales market, getting more advantageous foreign prices and increasing hard currency receipts. Joint trade ventures currently account for nearly all of the Romanian export of certain high-volume chemical products. Fibers and synthetic fibers and plastic are sold, for example, of the French market through the Decofra venture, on the Italian market through Romital, in West Germany through Contichemie and in England through Arcode.

Joint ventures play an important role in promoting Romanian exports of machine-tools (Sorimpex in Italy) and tractors, agricultural machinery and vehicles (Terra Power in Canada and Universal-France in France), as well as of light industrial products (Karpaten in West Germany) and food industry products (Atalanta in England and Dacomex in France).

A Dynamic and Diversified Form of Foreign Economic Representation

Having an ever more active presence on the convertible currency markets, joint ventures involving the socialist countries have progressively expanded their activities into new areas, being established as basic links in the network of economic and trade representation abroad and becoming important factors for economic relations with the headquarters countries as well as third party markets.

A series of joint ventures ensures the forwarding and transport via railroad, sea, land and air for those goods which are the object of East-West transactions, and the transit of certain goods from the Western countries towards countries in the Middle East and Asia.

An increasing number of joint ventures are specialized in banking activities, insurance and leasing, ensuring the accounting of trade between partner countries, the granting of credit for large deals, especially industrial cooperation activities, the expansion of interbank relations in the headquarters countries and in third party markets, and the increased participation of the partners from the socialist countries in international financing-valuta operations. The five joint banks involving Romania (Romanian-French, with headquarters in Paris, Romanian-English in London, Romanian-West German in Frankfurt-am-Main, Romanian-Egyptian in Cairo and Romanian-Italian in Milan) play an important role in the promotion of Romanian exports and in the financing the import of technology and cooperative production actions, ensuring, at the same time, a hard currency transfer into the account for the Romanian portion of the profits from these banks.

The promotion of an active, penetrating strategy in relationship to the level of competitiveness of the competing firms makes it even more necessary for the joint ventures to move away from the simple representation of trade actions on their own account and from the sale of goods in the headquarters country to the expansion of exports to third party countries, from the classical forms of trade to facilitating production cooperation operations.

Although less extensive to date, the creation of joint ventures of a production nature in the Western countries represents one of the most promising directions. In this regard, the Romfarma joint venture created in Spain for the production and sale of pharmaceutical products is a good example of the use of Romanian production experience and of starting production in a third party country based on the results obtained in Romanian scientific research and technological engineering.

Current practice in the field of international commercial management shows that only by way of an intense concern for the diversification of activity, through involvement in broader array of operations, in complex trade and financial actions, and through the intelligent promotion of exports and joint cooperation projects can one obtain superior economic results and ensure the viability and efficiency of joint ventures that operate on the foreign market.

A Requirement for Contemporary Technical Progress

Beyond the specific requirements for promoting economic relations on a regional and inter-regional level, the development of cooperation through joint ventures in production responds to the more general requirement of adapting forms of international cooperation between firms to the evolution of economic affairs and to the exigencies of the new, on-going technical-scientific revolution.

The growth of the optimum level of investment, the advantages of an integrated strategy and of a unified production and sales concept, the importance and increased costs of research and development activities, and the higher degree of risk in the process of designing and starting production of new products are also arguments in favor of having the progressive involvement of companies, regardless of their size, in international contracts for organic cooperation. Most of the contracts of this type that have been concluded by large companies are in the area of advanced technologies: fiber optic cables (Siemens - West Germany with Corning Glass - USA), robotics (General Motors - USA with Fanuc - Japan), aircraft engines (Rolls Royce - England with United Technologies - USA), and so forth, with the concern for the common use of the technological advancement made by each partner and the experience in management and marketing - all factors capable of bringing comparative advantages - being constant reasons for these transactions.

Certainly, the specific nature of relationships between monopolistic companies and the conventional and conflictual nature of intercapitalistic relations, as well as the trends of international economic events over the last decade, characterized by phenomena of crisis and instability, exercise a direct influence upon this type of arrangement. According to estimates made in the last decade, approximately one-third of the joint venture contracts concluded by 170 multinational companies proved to be unviable. On the other hand, however, it is no less true that this form of association, if it is within the principled framework of cooperation and under the conditions of an authentic spirit of cooperation and based upon rigorous legal instruments, is being ever more shown as a means of going beyond asperity, discrepancies and differences in international economic relations and a means of bringing companies and countries closer. It is what is occurring ever more in the development of a superior form of coproduction in East-West relations - the creation of joint production and sales ventures with headquarters in the socialist countries.

In Yugoslavia, the country having the most experience in this field, 178 joint investment contracts (of the joint venture type) were approved in the 1968-1984 period, with a total value of 67 billion dinars, of which 24 percent was the contribution of the foreign partners. Over two-thirds of the joint investment are directed towards advanced processing branches: automobiles, machine building and metals processing, chemicals, electrotechny, and so forth. Because of the importance which is given to this form of cooperation in Yugoslavia, it is relevant to point out the fact that the pertinent legislation that was promulgated in 1967 has seen a continuing process of improvement (with modifications in 1973, 1976 and 1978), and in the November 1984 law new stimulative conditions were established for foreign investments.

In recent years, there has been a rapid development of cooperation by way of joint ventures in Hungary. Of the 33 joint ventures established to date, approximately two-thirds were created in 1983-1984. The main areas of foreign investment are: high-volume chemicals, industrial construction and construction materials, and the food industry, to which one can also add computer technology and the pharmaceutical industry.

An important growth in cooperative actions has been recorded in recent years in the People's Republic of China, with the more than 700 contracts representing foreign investments totalling nearly \$2 billion. Among the fields where joint venture contracts have been concluded, a separate role is played by the petrochemical and electronics industries. Thus, a joint venture established last year with the American company COMPACT is to produce a terminal level of production of 20,000 units per year. A joint venture with a Swedish company will produce electronically-controlled teleprinters.

In the more than 10 years of experience of the Romanian enterprises in cooperation through joint ventures having their headquarters in-country, a series of positive results has been obtained: the development of production in the sub-branches of top-level industries (for example, Romcontrol Data - a Romanian-American joint venture for the production of peripheral equipment for computers), the use of certain modern technologies for the better use of resources and the growth of exports (Rifil - a joint Romanian-Italian venture which uses as raw materials those secondary products from the production of melanine and exports its entire production), the achievement of certain new production and the substitution for imports (for example, Resita Renk S.A., a joint Romanian-West German venture which produces ship reduction gears), the introduction of certain modern management methods, the organization of production and labor, and the achievement of a continuous exchange of experience and information between partners.

The trend which stems from recent experience is one of an ever more accentuated orientation towards joint ventures where the production in the host country has comparative traditional advantages or the opportunities to better use certain modern technologies coming from the partner in those top fields of technological progress and in intensive production in modern technologies. This form of cooperation thus becomes an efficient means of involving partners in the trends imposed by the new technical-scientific revolution and of jointly assuming the costs and risks linked to elaborating and applying in production these new technologies.

An Alternative to Importing Capital

There is special importance in cooperation by way of joint ventures for the developing nations, in this case representing a new, advantageous form of attracting foreign investment and a superior alternative in relationship to the classical import of capital. Within the framework of a joint venture, the foreign partner participates in management and administration and in the sharing of profits and risks, differing from the subsidiaries of foreign companies where they exercise exclusive control over these activities. At the same time, in the case of the joint venture the local partner usually maintains the majority portion of the social capital and the respective economic project is part of the economic development program of the host country. Numerous joint ventures have been established in developing nations involving participation by certain partners from the socialist countries, achieving in this manner projects for prospecting, exploration and exploitation of useful natural resources, an

advantageous transfer of modern technologies to the host country and the development of certain top-level industrial sub-branches, activities of economic and scientific-technical cooperation that are of a long-term and mutually advantageous. Thus, for example, the People's Republic of the Congo established a joint venture with Bulgaria for prospecting and exploiting phosphate deposits, India has a joint venture with Hungary (for the production of vitamin B12 and other pharmaceutical products) and with Czechoslovakia (for the construction of energy, mining and metallurgical enterprises, and the production of diesel motors); Nigeria established a joint venture with Poland for the assembly of automobiles.

There has been special interest in recent years in joint ventures that promote tripartite economic cooperation, a form of association of certain companies from different countries, usually Western and socialist countries, for the achievement of projects with developing nations.

Similarly, joint ventures were recently established between the socialist countries and certain developing nations in order to expand cooperation in third party markets. One example in this regard is the Bulgarian-Indian-Nigerian venture Lobfish which is involved in fishing and the processing and sale of fish in markets in developing nations.

Another form of association, one especially attractive in tripartite cooperation, is the consortium, which, in differing from joint ventures, is a temporary cooperation involving the achievement of a determined economic activity or an economic project in a third party country. Thus, for example, Polish and Japanese enterprises have worked in this type of an arrangement to build in Algeria the largest chemical fertilizer plant in the region. West European, Yugoslav and Polish enterprises have worked together to build in Lebanon an electrical power network.

Joint ventures established with Romanian participation in different countries in Africa, Latin America and Asia in the fields of mining, agro-food industry, the wood industry, land improvement, oceanic fishing and so forth, play an important role in the better use on foreign markets of Romanian knowledge and technical experience, in the promotion of exports of certain industrial products, especially in the field of machine building, and in the provision of supplies to the national economy under conditions of stability and economic efficiency for raw materials, fuels and agricultural products. For example, we can mention the joint ventures involving Romania, such as Carombois (in the Central African Republic, for the industrialization of wood), Simar (in Mauritania, for oceanic fishing), Librom (in Libya, for land improvement projects), and Productora Mexicana de Farmacos (in Mexico, for the production of vitamin C). Romania's participation in the establishment of joint production and sales ventures is, furthermore, within the much broader framework of cooperation by way of different forms (among which is the achievement of over 180 economic projects in developing nations) through which Romania contributes under mutually advantageous conditions to the achievement of the national development programs of the partner countries.

The experience to date and the complex evolutions that have occurred in the world economy in the last decade point out that, if in essence the joint investments under joint ventures represent efficient, mutually advantageous forms of developing relations between the East-West and North-South, the full use of the positive aspects of cooperation requires the overall and complete provision of an appropriate economic and legal framework for each action, the growth in the concern of the partners for a rigorous economic substantiation of each cooperative action and the assurances through contractual clauses of certain rigorous, stimulative conditions for the parties for the purpose of achieving assumed obligations on-time and within the established timeframes.

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CSO: 2700/214

BULGARIA

ACTIVITIES, ACHIEVEMENTS OF SHIPPING, SHIPBUILDING INDUSTRY

Shipbuilding Industry Output

Varna KORABOSTROENE/KORABOPLAVANE in Bulgarian No 5, 1984 pp 166-167

[Article by Dimitur Panchaliev]

[Text] In 1981 the Bulgarian shipbuilding industry celebrated the centennial of the building of the first 60-ton nonself-propelling vessel in Ruse, with the help of the Russian liberators.

Immediately after 9 September 1944, the Bulgarian shipbuilding industry was strengthened thanks to the fraternal aid of the USSR. It has been developing particularly dynamically after the April BCP Central Committee Plenum, through a variety of stages. Under the care of the BCP Central Committee and, personally, Comrade T. Zhivkov, and as a result of integration with the members of the socialist camp, this period has been characterized by major quantitative and qualitative changes in the material and technical base and scientific services and in the output and its marketing.

With several decisions, the BCP Central Committee Politburo and the government provided the necessary prerequisites for the accelerated development of a modern shipbuilding industry in Bulgaria and its adaptation as a strategic area of the machine-building sector. The Shipbuilding DSO [State Economic Trust] was the head organizer in the implementation of the program related to the building of ships and other navigation vessels and the considerable volume of complex machine-building output vitally necessary in ship outfitting.

Today the Shipbuilding DSO includes two shipbuilding combines, one each in Varna and Ruse, two shipbuilding yards, one each in Burgas and Michurin, and five plants for the production of ship fittings, one each in Varna, Provadiya, Shumen, Novi Pazar and Turgovishte, specializing in various items. The Shipbuilding Institute in Varna and its branches in Burgas and Ruse, and the Institute of Ship Hydrodynamics and the Electronic Computer Center provide total scientific services to the industry. The Koraboimpeks Foreign Trade Organization has been set up for imports and exports of ships and ship fittings and the study of the international market.

In accordance with the Basic Directions in the Development of Shipbuilding in the 7th Five-Year Plan and Through 1985 with the Application of the Multiplication Approach, considerable changes were made between 1975 and 1983 in terms of the more efficient and accelerated development of shipbuilding. Some changes have been completed in their essential lines following the ambitious updating of more than 60 percent of the output, which meets the strict requirements of rating organizations and international conventions and the needs of the domestic and international markets.

All in all, during the 7th Five-Year Plan, 224 ships and other navigation vessels with a total deadweight in excess of 1.5 million tons, were produced during the 7th Five-Year Plan. With its output the Bulgarian shipbuilding industry has contributed to the significant renovation and expansion of the Water Transport SO [Economic Trust] fleet and established itself as a foreign exchange earning subsector.

During the 7th Five-Year Plan the production of 100,000-ton tankers, 38,000-ton ships for bulk freight, 500 cubic meter dragging barges, 3,000-ton dry goods ships, 2,000- and 5,000-ton mixed navigation tankers and 1,800- and 2,000-ton self-propelling sections was mastered, including specialized sections for hauling motor vehicles and other freight.

The complexity of ship mechanisms increased after the plants mastered the manufacturing of the new ship models. Automation and remote control deck mechanisms and ship armature were introduced (including hydraulic startup and control systems). The production of various types of boilers, heat exchange instruments, ships' electrical equipment and electronic facilities for high-class automation of ship-power systems was mastered. In the final years of the five-year plan we undertook to master the manufacturing of new items for export to the USSR, Czechoslovakia and Romania.

The technical progress which was achieved during the 7th Five-Year Plan ensured the relatively stable and high rates of development of shipbuilding production which, despite the influence of the crisis in the world capitalist system, remains relatively competitive and efficient for the country. The foundations were laid for clearly defined specialization and concentration of ship-installation and support capacities at the Shipbuilding DSO, on the basis of a gradual development. This contributed to the formulation of an accurate investment policy in the development of our shipbuilding.

On the basis of achievements during the 7th Five-Year Plan, the main target in the development of the shipbuilding subsector will be the steady increase in the efficiency of shipbuilding and its contribution to the national economy in order to meet the leading accomplishments of advanced shipbuilding countries. Even more important assignments are set with the updating of the program for the further accelerated development of Bulgarian navigation during the 8th Five-Year Plan and through the year 2000, such as:

Expanding the domestic merchant marine with modern and highly efficient ships, competitive on the international freight market;

Expanding the role and increasing the efficiency of Bulgarian shipbuilding within the socialist integration and specialization of CEMA member countries;

Increasing foreign exchange income and upgrading the efficiency of ship exports to nonsocialist countries;

Developing conditions for flexibly reacting to changes in the international market, including increased offering of engineering and other services.

The implementation of the main objective and the tasks proceeding from it will be achieved through the ever faster updating of the variety of ships and related complementing items. Updating capacities and applying new vanguard technologies will play a decisive role.

Whereas during the 7th Five-Year Plan perfecting the variety of finished products--ships--was achieved essentially through modifications of existing designs, in the 8th Five-Year Plan the building of essentially new specialized ships will be mastered, such as ships hauling 400 containers, a 3,150-horsepower tug, a 15,000-ton multipurpose ship, a 6,000-ton produce carrier, a 3,000-ton bunker, etc.

In order to upgrade efficiency and marketing, further increases in the variety of finished products are planned for the 9th and 10th five-year plans by mastering the building of more complex ships with greater consumer qualities and with new and more progressive transport technologies. The level of mechanization and automation of loading and unloading operations and navigation will be increased. This will include ships for bulk freight, container carriers, produce carriers, multipurpose ships, ro-ro and ro-lo type vessels, ferryboats, special-purpose ships, etc.

The chosen variety of ships with nonconventional technical solutions and favorable technical and operational indicators will ensure more efficient sales as a result of the higher quality of the ships as a whole and their equipment.

The application of leading global achievements in organization and production, with a view to upgrading the quality and volume of output, is a major part of the further efficient development of our shipbuilding industry, related to the decisions of the May 1983 National Conference, which was held in Varna, and the National Party Conference on Quality.

The further correct investment policy in reconstruction and new construction in terms of developing capacities will play a substantial role in the successful solution of this important problem. It will be based on the stipulation of building active production capacities involving the use of vanguard technologies for the automation and mechanization of processes, and the opening of suitable jobs which, equipped with minor mechanization facilities, would drastically improve working conditions and upgrade productivity and quality. This problem was and will remain decisive in terms of the implementation of the program and the further efficient and qualitative

development of shipbuilding, bearing in mind the limited manpower resources and their most expedient utilization .

Another task inseparably related to such new progressive technologies and automated and mechanized technological lines and equipment is that of completing the development of machine-building facilities and involving the entire industry. This task is of national importance in the development of real conditions for the efficient utilization of capacities and manpower.

The new task set to the shipbuilding industry of drastically upgrading shipbuilding output in the light of the high requirements of the quality of output necessitates the fast resolution of such problems.

Vitally important to our shipbuilding in this respect will be the accelerated mastery and manufacturing of ship engines and diesel generators by the Heavy Machine-Building Economic Combine in Ruse, with reduced specific fuel outlays, which will determine the basic technical and operational qualities of the ship and guarantee the possibility of obtaining them.

Along with this, the formulated program for the social development of the collective includes the concern to make the profession of shipbuilder one of the most attractive. It is particularly important today to develop qualities, such as high professional skill, conscientiousness and discipline, without which quality problems cannot be comprehensively developed and resolved.

In honor of the 40th anniversary of the socialist revolution, on the basis of the considerable developments and studies which were made, the shipbuilders, with typical energy and persistence, will convert into reality the concern of the party and the government for the accelerated and efficient development of Bulgarian shipbuilding.

Interview With Director Minkov

Varna KORABOSTROENE/KORABOPLAVANE in Bulgarian No 8, 1984 pp 262-263

[Interview conducted by M. Asadurov]

[Text] Last May, a team of editors met and discussed with Khristo Minkov, director of the Burgas Port Complex, the delayed reconstruction and modernization of berths Nos 5 and 6, and the problems of the building of the western port.

[Question] Comrade Minkov, when, finally, will berths 5 and 6 begin normal operations?

[Answer] This is the fourth year of their reconstruction. The minister of transportation issued an order according to which an operative headquarters, headed by Comrade Kozarev, deputy general director of the Water Transportation SO [Economic Trust] will consider construction problems every second Thursday of the month. Yesterday (10 May--interviewer) we met for the third time. Neither the staff nor I are satisfied that something serious has been

accomplished after the order. When the order was issued, we met with the leadership of Transstroy in Burgas and divided the construction work into three stages. We asked that crane roadways and tracks be completed by the end of May, that the ramp be completed in June and that the project as a whole be commissioned by the end of August. The possibility of accomplishing this existed, for this discussion was held at the beginning of March. Since then, however, virtually no work has been done at these sites. The problem is that some 75-80 percent of the capacities of Transstroy-Burgas are doing work at other projects outside the transportation system, although the organization has specialized precisely in transport construction. Apparently, however, superior state interests require that work be done elsewhere. But if such is the case, why should this be at the expense of the projects of the port complex in Burgas? Why is it that our projects are still considered like spare projects in the plans of Transstroy-Burgas? So far three target dates for the completion of berths 5 and 6 have been missed: the first was 31 May 1982, which was extended to 31 December 1983 and then 31 December 1984. However, unless urgent measures are taken, the project will not be commissioned even this year.

[Question] What is the situation with the three ship berths at the western port?

[Answer] The first and second berths were delivered in 1979 and officially began operations. Ever since then, the construction workers have been correcting the errors of designers, researchers and builders. So that both they and we are working. The third berth was commissioned in 1982; in August 1984, however, we received the minutes of the State Technical Control. "Act 15" and "Act 16" for this ship berth were annulled for errors in construction, violations of technology concerning future exploitation and design violations. It will soon be an entire year that no one has made a proper decision as to what must be done concerning this berth, what should be removed and who should pay for this before a third ship berth may be commissioned. The site was visited by scientists, professors, docents and assistants. The situation, however, has remained unchanged.

Therefore, the problems involving construction are exceptionally big and serious. I do not want to be a pessimist or a skeptic. However, I do not see us breaking this magic circle soon. If your periodical could help us in some way I would continue to discuss the matter with pleasure. Talk, however, is useless. What is needed is work, man's work.... When the port complex has successes and accomplishments, all responsible comrades in the okrug say: this is our port, this is our collective. But when it comes to helping this collective...perhaps somewhere else the work is more important. As a director of the Burgas port complex, I do care for it....

[Question] Comrade Minkov, are the construction problems hindering the implementation of the collectives' planned assignments?

[Answer] This year we are successfully implementing our planned assignments. Our plan for the first 4 months was fulfilled for absolutely all quality and volume indicators. If construction problems are resolved the handling

capacity of the complex will be increased and the results will be even better and of higher quality. You already saw the operations at berths 5 and 6: there is hardly space for trucks and tractors to pass. Yesterday a palette containing a faser was almost dropped on the ground. Yet this is an item exported to Great Britain, which considers the quality of packaging very important. A driver approached me saying, "Comrade Director, can you see the conditions under which you are making me work?" What could I tell him, when he was absolutely right? Yet these ship berths are part of the plan and are supposed to be operating normally. I would like to believe that this year some of the construction problems will be resolved. Let us at least complete construction at the fifth and sixth berths, and as far as the western port is concerned, it is clear that our difficulties are not about to end soon.... Last year it was decided that the construction of the fourth and fifth berths would be frozen. However, even this project was not completed properly. A higher wave will let the sea take back what we have filled.

[Question] Are you experiencing difficulties in improving the brigade organization of labor and lowering manual heavy and unattractive physical labor?

[Answer] There are virtually none. We have set up seven new-type brigades and we would like to set up two more once the reconstruction of the fifth and sixth berths has been completed. The brigades operate on the basis of separate cost accounting. We shall continue to improve and strengthen them. We have divided our complex into four ports for reloading activities: east, center, west and bulk freight. This is ideally suited for the brigade organization of labor and brigade cost accounting. Now everyone knows his area, equipment and freight.

Nor do we have any problems with mechanization, unless we exclude the processing of freight in bags, such as ammonium nitrate and ammonium sulfate. However, these come in relatively small amounts. This problem has been resolved on a global scale. Equipment exists for packaging and delivering the bags to the ship's holds. However, the quantities we handle do not warrant the use of such equipment or to make it pay for itself within a short time. As to the processing of bulk freight, we have mechanized it perhaps to the 99.99 percent level. We use workers only if the freight is very expensive and the spillage must be swept off and picked up.

[Question] In connection with the reconstruction and modernization of the fifth and sixth berths, 4 years ago you pulled down the old storage areas. Do you have problems now with warehousing areas?

[Answer] We had such problems after we lost several thousand square meters of roofed warehousing. However, at that time we removed them, we were clearly aware that the old stores made the mechanized processing of freight impossible. These facilities were built at the same time as the port, at the very end of the 19th century, and their purpose was to store grain and freight handled manually. No crane, motor car or electric car could be installed inside. that is why we destroyed these storing areas and the present ones are somewhat behind them and are totally mechanized. Unfortunately, there as well

we have problems with the quality of construction. This may be due to the capabilities of the construction workers and they may need help. We are currently reorganizing the old Warehouse No 11, which will become an administrative complex. The ground floor will include stores, a confectionery store and a barber shop; the upper floor will be for the administration of the complex. The stipulation made at the meeting with representatives of the construction organization was that we would initial "Act 15" and "Act 16" by 30 April and move to the new building in May. At the rate the work is going, however, this will not take place soon. I am being told now that "we have no house painters. Comrade Minkov, give us house painters." It is as though the port complex should have all kinds of workers, such as mechanizers, longshoremen, painters and construction workers.

This marked the end of our conversation. We sincerely hope that by the time this issue has been printed, at least some of the construction difficulties at the Burgas port complex may have been lifted from the shoulders of the port workers.

Ship Repair Industry Progress

Varna KORABOSTRCENE/KORABOPLAVANE in Bulgarian No 8, 1984 pp 274-275

[Article by Vladimir Tsankov]

[Text] The ship repair industry in our country began its development immediately after the foundations of shipbuilding and the merchant marine were laid. The Bulgarian Merchant Marine Shipping Company, which was set up in 1882, initiated the founding of Korolovag, a mixed shareholding company for the construction of ships, locomotive engines and freightcars. The enterprise was built on the bank of the Varna Lake Canal. A floating dock with a 4,500-ton capacity was purchased from Germany in 1927. It was named "Bulgaria," and marked the beginning of the Bulgarian ship repair industry.

After 9 September 1944, the development of the ship repair industry began as an inseparable part of shipbuilding. The dry dock complex, which was built with the comprehensive help of the Soviet Union, for dock repairs of ships, as part of the system of the G. Dimitrov KKZ [Shipbuilding and Repair Plant] in Varna, was inaugurated in 1955.

Bearing in mind the importance of ship repairs in ensuring the proper technical operations of the merchant marine, after the April 1956 Plenum the party and the government earmarked the specific trends of its development. By decision of the National Assembly Presidium, dated 1 July 1963, the dry dock complex was separated from the shipbuilding system, becoming a separate ship repair plant which was subsequently named "Odesos." The plant began operations as a division of the Water Transportation DSO [State Economic Trust].

The high pace of development of the merchant marine, which reached a total of 1.7 million deadweight tons in 1983, increased requirements for repairs and demanded a proportional development of ship repair capacities in our country.

The expansion and reconstruction of the Odesos KRZ [Ship Repair Plant] in Varna was undertaken in 1975; in 1974 the Dragni Nedev Ship Repair Plant was separated from the Iliya Boyadzhiev KKZ and, in 1976, was made part of the Fishing Industry DSO and specialized in the repair of fishing vessels. Here as well existing capacities were expanded and reconstructed. The data in Table 1 clearly show the extent to which shipbuilding has developed in our two largest plants.

In addition to the specialized plants, the shipbuilding yards as well engage in repairs. Thus, for example, in 1982 and 1983 the G. Dimitrov KKZ in Varna carried out guaranteed and other types of repairs on a total of 47 ships.

Ship repair facilities are being built, in addition to the expansion and reconstruction of shipbuilding capacities, at the Iliya Boyadzhiev KKZ. A covered berth system with a 12,000-ton capacity and work areas on tracks for the positioning of the various ships to be repaired was completed by the end of 1983. Repair shops are about to be built. So far, however, repairs of a big ship, have not been undertaken.

The ships of our river navigation fleet are repaired at the Ivan Dimitrov KKK [Shipbuilding and Repair Combine] in Ruse. The specialized production facilities here include two assembly stands, which are part of the lowering and hoisting equipment of the shipbuilders. Here the question of reconstruction and modernization has not been resolved: material facilities are obsolete and, compared with 1976, the number of ships repaired in 1983 had declined by 45.8 percent. That is why in 1979 the Danube Dredging Fleet Quarry Materials Enterprise in Ruse was forced to undertake the development of its own repair facilities--a firth with a berth and a machine repair shop. The building of a new ship repair plant on the Danube River is planned by the Water Transport SO to meet the needs of the Bulgarian River Shipping Administration and other ship owners.

We see, therefore, that over the past almost 40 years the Bulgarian ship repair industry has not developed proportionally to the maritime and riverine merchant marine and its repair needs. A variety of organizational methods for ship repairs may be found in mixed shipbuilding and ship repair yards and specialized ship repair plants.

The quantitative and qualitative development of the fleet and the created capacities for ship repairs in our country demand a new approach and progressive organizational methods in the areas of labor, production and management. This became particularly imperative after the 12th BCP Congress and the National Party Conference on Problems of Quality, which was held last March.

As the leader in the ship repair industry, the Odesos KRZ formulated an ambitious comprehensive program for upgrading the quality and efficiency of ship repairs and preparations for the use of industrial repair methods. Great attention was paid to the long-range tasks including these in the 9th Five-Year Plan. Together with the ship repair section of the Water Transport Institute, vanguard technologies are being sought and applied in repair

operations, involving the use of polymers. New machines and tools are being used, which increase labor productivity. An experimental use of an automated control system has been undertaken. In the next five-year plan dock-manipulating systems will be purchased and installed, thus eliminating physical and unattractive labor performed by dozens of workers. The productivity and quality of ship cleaning and painting will be increased many-fold. Internal plant specialization in terms of technology and itemization is intensifying. More than 15 specialized sectors, five of which classified as "guaranteed quality territory," are functioning. A special sector-service for the repair of turbocompressor machine units has been set up, representing the Swiss Brown-Boveri Company (BBC).

Similar development processes have taken place at the Dragni Nedev KRZ in Burgas. A number of attachments and tools which increase labor productivity and repair quality were purchased or manufactured. The experience and knowledge of workers and specialists are being steadily enriched by participating in repairs of Bulgarian fishing vessels abroad. Very good results have been achieved in the brigade organization of labor and brigade cost accounting. Comprehensive wage rates have been set up, which increase the interest of the collective in end results. Plan-accountability units are used in assigning and recording repair operations, which is a prerequisite for working under automated control system conditions.

In order to ensure the further development of the Bulgarian ship repair industry, the process of further concentration, specialization and cooperation of various ship repair yards and plants engaged in ship repairs must be continued. Ship repairs are a unique and specific type of work with no similarities with other types of repairs. The inherent features in the industry are the probability nature of the amount of repairs, the complexity and dynamism of the production process, the great number of restrictions and strict completion deadlines. For those reasons, the industrialization of ship repairs is of prime importance to the future of the industry. This would enable us to apply on an accelerated basis the latest accomplishments and leading experience in labor, production and management.

Since 1963, the ship repair production systems in our country have functioned and developed without a unified administrative-economic, technical and scientific-methodical management and coordination and without their own preparation and scientific support. No unified strategy and tactics have been formulated in the development of ship repairs or specific plan indicators, management and control. However, equipment is being installed without proper substantiation of the reasons for its functioning at full capacity. The ship repair industry is developing under the influence of systems of different natures, sizes and interests, such as the Ministry of Transport, Ministry of Machine Building, National Agroindustrial Union, and others, whose main activities and objectives are not ship repairs. This does not allow the industry to develop as a first-rate industrial activity on an industrial basis, making optimal use of existing ship repair capacities. It was for that reason, for example, that between 1975 and 1980 ship repair requirements of the Bulgarian Maritime Fleet Shipping Administration were met no more than 42.2 percent. Tens of millions of dollars was spent on ship repairs abroad.

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The lack of specialization in outside work by ship repair yards and of the standardization of the fleet complicates planning and technical preparedness, extend repair time and increases repair costs. Progressive ship repair methods involving the use of the unit-aggregate method, lowering the amount of technological documentation, equipment, materials, instruments and attachments used, cannot be applied.

The Bulgarian ship repair industry has matured and become established. Extensive new capacities were installed and highly skilled workers and specialists were trained. This requires the formulation of a uniform concept on ship repairs in Bulgaria and assigning it a suitable role as a variety of heavy industry. Upgrading the efficiency of ship repair output will directly affect the efficiency of the merchant marine and create real prerequisites for drastically reducing imports of ship repair services as well as providing a significant amount of highly profitable ship repairs abroad.

The Bulgarian ship repair workers are welcoming the 40th anniversary with increased self-confidence and experience. They are ready to carry out even more responsible assignments and meet the requirements which maritime Bulgaria will set in the future.

Georgi Dimitrov Shipyards

Sofia VUNSHNA TURGOVIYA in Bulgarian No 6, 1984 supplementary section

[Text] The Georgi Dimitrov Shipbuilding Combine in Varna is a leading enterprise in the shipbuilding industry. It has modern technical facilities used by a professionally highly trained and experienced collective; it builds ships consistent with the requirements of current international conventions and rules, under the supervision of the Bulgarian Ship Register, the USSR Register, Lloyd's Ship Navigation Register, etc.

The ships manufactured here are made entirely of electrically welded steel and equipped with contemporary radio navigation instruments which ensure safe use and unlimited navigation area.

The ships built by the combine are sailing under the flags of Bulgaria, the USSR, the Netherlands, Norway, Poland, Romania, Greece, Panama, the Philippines and others.

The combine accepts order for ships as follows:

38,000 tons, for bulk freight, with or without deck-lifting cranes;

25,000 tons, for bulk freight, with or without deck-lifting cranes;

Container carriers, for 400 containers;

14.5-ton cruising yachts;

15,000-ton multipurpose ships;

29,900-ton produce carriers.

Export organization: Koraboimpeks VTO [Foreign Trade Trust], Varna.

Telephones: general director, 2-81-60; switchboard, 8-39-31/38. Telex, 077560.

Ivan Dimitrov Shipyards

Sofia VUNSHNA TURGOVIYA in Bulgarian No 10 1984 supplementary section

[Text] Shipbuilding DSO [State Economic Trust], Varna

Ivan Dimitrov Shipbuilding and Ship Repairs Combine in Ruse, bearer of the orders of Georgi Dimitrov and Red Labor Banner.

The Ivan Dimitrov KKK [Shipbuilding and Ship Repairs Combine] is the second largest ship manufacturer in our country.

The combine builds dry goods and petroleum-carrying self-propelling and nonself-propelling river and ocean-worthy ships and tugs and cranes and provides ship repair services.

The entire output of the combine has a "1" rating. It is used to meet the needs of the country and is exported, essentially to the USSR.

The combine produces the following:

Navigation vessels;

5,000-ton petroleum tankers. These are single-deck ships with a special pouring system, designed as class "M" of the USSR rivership register. They have two-diesel, four-stroke engines, 1,000 horsepower each, and a remote control system on the bridge, modern equipment, electric navigation instruments and systems and facilities which ensure normal work under difficult weather conditions;

2,150-ton river and sea tankers of the "M" class according to the rivership register of the RSFSR. They are equipped with two-diesel, four-stroke engines of 700 horsepower each, two electric centrifugal pumps with a capacity of 450 cubic meters per hour, a system for remote control from the bridge and electrical navigation instruments for use in bad weather;

3,000-ton tankers for liquid fuel, designed for class "M" of the USSR Register. These ships have one 1,200-horsepower engine and remote-control instruments;

3,150-ton dry goods river and sea navigation ships of the KM class, USSR register, equipped with two 860-horsepower engines. They have four freight holds and remote control of the machinery. These ships have high-level automation for mast slanting and opening and closing freight premises;

Gantry cranes, distinguished by high-operational indicators, very good maneuverability and easy handling. The electric-powered gantry cranes have a 10.15 and 20-ton capacity.

The combine repairs self-propelling and nonself-propelling vessels.

The combine's consumer goods shop is becoming increasingly popular. Particularly preferred and sought after by the population are the following: elements for fences, iron gates, troughs for pigs and shaft hatches.

By special order of the citizens, the combine manufactures iron structures for cottages, bungalows and garages.

The combine's new nomenclature calls for the development of designs for the following:

5,000-ton tankers for liquid petroleum products, with two engines;

2,150-ton river and sea tankers;

3,100-ton dry goods oceanworthy ships for export to capitalist countries for Mediterranean sailing;

3,500/5,000-ton dry freight river and sea ships, for export to the USSR;

3,150-horsepower tugs for the Bulgarian River Navigation Administration.

Telephones: switchboard, 2-79-40; director, 2-82-26.

Telex: 062515.

Export organization: Koraboinpeks VTP [Foreign Trade Enterprise], Varna, 128 D. Blagoev Boulevard, telephones: 8-39-31/32.

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BULGARIA

VARNA-ILICHOVSK FERRY OPERATIONS DESCRIBED

Sofia NARODEN STRAZH in Bulgarian 4 Sep 85 pp 1, 4

[Article by Yordan Yordanov: "The Blue Bridge of Friendship"]

[Text] Story of the Varna-Ilichovsk Longest Ferryboat Connection in the World; New Dimensions of the "Friendship" International Competition; An Inspiring Slogan of the Heart; "Two Congresses--One Goal!"

The Varna-Ilichovsk ferryboat complex is a big, modern technical system. Its total length on the Bulgarian shore exceeds 10 kilometers; the railroad track is nearly 80 kilometers long. The complex covers a water area in which the ferries maneuver, a pier with two lifting-crossing bridges, a preferryboat park, a center for changing bogies from Soviet to European gauge, with a 210-meter-long hull, a reloading center, a marshaling yard and a rail connection with the BDZh [Bulgarian State Railroads] network.

The emblem--a stylized silhouette of a ship with flying tricolor and red flags --mounted on the front of the tall building draws one's attention as we approach the complex.

As we step on the key and feel the tremor of a new crossing, we remember the memorable day of 14 November 1978. Under flying tricolor and red flags, the longest ferryboat connection in the world--Varna-Ilichovsk--was solemnly inaugurated.

The ferryboat complex on the Bulgarian shore was completed in 19 months of active construction work instead of 4 years....

The hot days of July and August 1978, when the underwater concreting in the water area of the ferryboat port was completed under the leadership of Petko Koychev, a former member of the Vasil Levski partisan detachment, will not be forgotten.

The builders will also remember the April days and nights when they fought nature and prevented the crumbling of 7,200 pylons which had started to lean as a result of the pressure caused by high waters. Under difficult conditions, they poured a new foundation slab, and saved the water-draining system,

repairing the damage in 9 days only, whereas according to classical methods, it should have taken 2 months!

We look now at Engineer Dimitur Khristov, the construction chief, a person for whom night and day, work and sleep blended in a type of dedication inconceivable in terms of our dimensions, in a reverent pledge given to the construction site. All of this was combined in his credo: "Work is my relaxation." Here is another name, without which the biography of the construction project would have been incomplete: Dmitriy Prokhorov, the chief consultant in building the ferryboat complex.

We remember to this day his words expressed 1 day before the inauguration of the complex: "I highly value the skill of the Bulgarian construction and installation workers. Together with them we, the Soviet specialists, take profound satisfaction that shoulder to shoulder with our Bulgarian colleagues we were able to build this, the largest ferryboat connection in the world, which will speak of heroic accomplishments and courage to future generations."

Another even which today, 7 years after the tricolor and red ribbons were cut, is told as a legend. Its characters are the people of Pavel Adamov, who assembled the lifting-crossing bridge in...36 hours. When that miracle became fact, Mr George Spalatini, the chief designer of the Inkobrod company, spoke to his boss in Helsinki and, describing the people of Pavel Adamov as being crazy, added: "Everything is amazingly accurate! Had I not seen it with my own eyes I would not have believed it." Undoubtedly, he was right, for according to the technological chart of the manufacturing company, the unloading and assembling of the lifting-crossing bridge would have required 10 days!

Turning back to that memorable day--the inauguration of the complex--which became an event of great economic, political and historical significance, we cannot fail to remember something else as well. The "Geroite na Odesa" ferryboat, commanded by Captain Georgi Stamboliev, which had been granted the high honor of making the first trip along the new Brotherhood Line, docked at Ilichovsk on 16 November, 2 days after the solemn inauguration. In addition to its scheduled load, it hauled an unusual shipment: 500 rosebushes for the brother Odessa Oblast and a bouquet of fresh flowers to commemorate the unknown seaman in the city-hero. On the same day, the "Geroite na Shipka" ferryboat, commanded by Captain Anatoliy Yakutin, docked at the pier in Varna, welcomed with bread and salt.

Recently, on the completion of the 40th anniversary of the resumption of diplomatic relations between the USSR and Bulgaria, "Geroite na Shipka" docked at the pier. Anatoliy Yakutin was standing on the captain's bridge. We spoke of the years which had passed and of the crew--the initiators of all new projects in the application of leading experience. The captain told us that it has already become practice for repairs to be done by the sailors in the port, without leaving the working area. Work without commercial losses is another unwritten rule in the competition among the sailors. Self-unloading, i.e., helping the port complex in unloading, has been another initiative with

some economic results. This makes the optimistic balance logical: the ship has hauled more freight than planned and achieved substantial fuel savings.

Captain Anatoliy Yakutin's words are backed by the accomplishments of the crews and his colleagues in the other ferryboats. Actually, the secret of these successes was quite accurately defined by Stanislav Lutyanchenko, chief of the Black Sea Shipping Administration in Odessa: "The creation and, above all, the organization of the work in a ferryboat connection within such a short time is a major accomplishment of fraternity and cooperation. No such thing has been accomplished anywhere else in the world. Over the past period nearly 15 million tons of freight have been hauled in both directions. New hauling technologies have been mastered of a type which was not contemplated at first--fresh fruits and vegetables. The work of the shore complexes and the crews has improved, as a result of which round-trip time has been reduced."

Let us recall that in the first months after the ferryboat was inaugurated a round trip took almost 120 hours; the following year it dropped to 72 and today is no more than 54 hours! A technology for the hauling of soda ash for the USSR and the transportation and processing of logs coming from the USSR was established, thus accelerating the turnover of Soviet ferryboat freight cars on our territory.

In the near future the ferryboats will be equipped with stations for passenger radio communications. This will make it possible to control and improve the management of this complex transport-technological facility much more rapidly and efficiently.

The "Guaranteed Quality Territory" initiative was born on the Varna shore. In practical terms, this means that wherever a collective may be at work the work is done on the basis of the high criteria of the National Party Conference on Quality, i.e., that no hindrances and obstacles for the other comrades be created.

The Komsomol members at the freight car control sector, headed by Koycho Koychev started a new initiative under the slogan "Komsomol Guarantee for Each Checked Freight Car." The initiative was adopted by the entire Komsomol organization of the complex, as a result of which Varna was the host of an international meeting between representatives of the okrug Komsomol committee and the Odessa Oblast Leninist Komsomol committee. It was attended by representatives of okrug Komsomol organizations from throughout our country. The initiative of the young people at the Varna ferryboat complex developed into an international competition between the Leninist and Dimitrov Komsomols, under the slogan "Komsomol guarantee of high quality of output for the USSR and Bulgaria."

Recently, once again the collective of the ferryboat complex started a new initiative which was born spontaneously and simultaneously in Varna and Odessa. Giving a new content to the international "friendship" competition, the brothers from the two shores of the Black Sea took up joint guard duty under the slogan "Two Congresses But a Single Goal."

This initiative, which came as an answer to the task set at the February BCP Central Committee Plenum of intensification and upgrading quality on the basis of scientific and technical progress, is aimed at the lofty objective of reaching new horizons worthy of the 13th BCP and 27th CPSU congresses.

"The new dimension of the competition is a natural development of our work," said Koycho Koychev, "triggered by the greater requirements for our work and life and the implementation of responsible production plans this year and during the five-year plan."

"The usefulness of the joint pregress guard duty," said Atanas Velkov, party secretary at the complex, "will be double, for the international competition will not only increase labor requirements but will call for stricter moral standards in behavior, way of life and interrelationships."

The dimensions of the competition between the Varna and Ilichovsk ferryboat complexes are clear. "Unity of action is of great importance to end results," said Vladimir Shcherbin, first officer of the "Geroite na Shipka." Viktor Dankov, the representative of Morflot at the ferryboat complex, categorically said: "The usefulness of the competition contract is great. The competition promotes a better organization of the technological process. One of the results is that it takes less than the stipulated 10 hours to process a ship!"

...The gray hull of the Bulgarian ferryboat has just disappeared from view in the distance, when the huge black hulk of the latest Soviet ship is approaching the pier. And thus it goes on, according to schedule, night and day, for the past 7 years, in rain and wind, in cold and hot weather, seamen and railroad workers are proving the great truth of the power of economic integration between the two fraternal peoples.

The successes achieved in the pre- 9 September competition are as yet unknown. However, according to complex director Georgi Georgiev, a substantial overfulfillment of the income and profit increase plans and a significant lowering of costs compared to revenue are expected. "What is important," the director said, "is that in the past 2 months round-trip time has been reduced by more than 2 hours and that the reduced time in processing is the result of internal reserves and the strict observance of the technological regimen."

The figures on the international competition for the half-year are expected to arrive from Ilichovsk any day. The winner is still unknown, but the integration between the two fraternal countries is one sure winner.

As we come into the key, we see this impressive creation of design and construction daring, a wonderful alloy of friendship, leading experience and comradeship, the unshakeable foundations of which are built in forever, and we feel the single normal rhythm of the pulsebeat of this live artery of fraternity which links forever the two fraternal shores!

5003
CSO: 2200/2

CZECHOSLOVAKIA

DAILY ON CONTRACTS WITH SYRIA

AU081041 [Editorial Report] Prague RUDE PRAVO in Czech on 8 October carries on page 6 a 1,100-word Miloslav Vltavsky article, entitled "Our Builders in Syria--a Live Testimony to Cooperation" and datelined "Homs, September 1985." After stating that "Czechoslovak builders and technology experts have been working in Homs for 17 years" and that the mutual friendship between Czechoslovaks and Syrians has "permanent roots," Vltavsky goes on to describe his visit to the sixth construction project in Homs--part of the large project for crude oil separation into petrol, oils, fuels, and other products that was begun in 1957. The standard of equipment supplied by the CSSR has established a certain norm there, he says, "and although the chain of successes was broken for a time, our builders and technology experts later returned there."

"A control conference of participants in the construction project opened its negotiations here 2 weeks ago," Vltavsky continues, "to thoroughly assess the fulfillment of duties following from the contract concluded to the tune of almost \$150 million." He notes that currently there is more worry than ever before about maintaining the good name of CSSR enterprises and about the final results, because "every investment activity now attracts far more interest than can be satisfied; this equation logically produces higher pressure on quality, precision, reliability, and price. The sixth building project, linked to the existing plant and to the reconstruction of certain older facilities, is rather complicated. In a task that is understood in this manner any mistakes or wavering acquire increased significance and possible impact."

Vltavsky then quotes the CSSR engineer chairing the conference, who asked the participants not to look for people to blame for former mistakes, but to search for ways to complete the project toward the end of December 1985 at the latest; otherwise, according to him, the nonobservance of contract deadlines would lead to sizable penalties.

After describing the locality of the site and listing the CSSR enterprises involved in the project, Vltavsky points out that order also makes friends in Syria, and that good work now is a good reference for the future, but no guarantee: "It is no insurance for getting every further possible contract which should crop up in some place here." A daily fight is waged for the contracts, here and elsewhere, too, Vltavsky points out.

He then deals with the gas pipeline in the area of the Ibisseh oilfields, where CSSR workers have already laid almost 262 of the total 267 km of pipeline; final work is to be done on the outskirts of Homs and on the crossing over the Euphrates river, he says, and some 100 km of pipeline will be laid together with a Syrian firm.

Vltavsky then states that the CSSR is "offering Syria, together with Bulgaria, effective assistance in a grandiose irrigation program." He concludes by underscoring that the "CSSR citizens working in many branches of the Syrian economy, building or preparing useful projects, [word indistinct] on the experience acquired at home and also elsewhere abroad, and training qualified experts," are benefiting the economies of both Syria and the CSSR, and promoting mutual understanding.

CSO: 2400/35

CZECHOSLOVAKIA

PARTY ECONOMIC CONFERENCES NOTE SHORTCOMINGS

LD302145 Prague Domestic Service in Czech 1730 GMT 30 Sep 85

[Text] Party economic working conferences dealing with the elaboration of the conclusions reached at the 15th CPCZ Central Committee session are continuing in a number of districts also during the current week. Their participants focus their attention on the mobilization of forces to fulfill this year's tasks on which depends the successful start of the next 5-year plan.

Today's district working conference in Chrudim drew attention to the slow introduction of the conclusions of the 15th party Central Committee session into everyday practice. It noted that this connection criticism was also voiced at the low utilization of the working time available. The debate also pointed to the need to raise the quality of cadre work and to alter, in practice, the formalistic approaches in winning nonparty members over to the implementations of tasks both in economic and public life.

As arose from the discussions at today's district working conference in Teplice, the critical and mobilizing spirit of the 15th CPCZ Central Committee session is being insufficiently reflected in the activity of leading economic workers in particular. The working conference also took a critical attitude to the plans for the 8th 5-year plan. The fact is that only two enterprises out of nine in the centrally managed industry have adhered in their draft of the plan to the breakdown of the tasks for the next 5-year period.

CSO: 2400/35

CZECHOSLOVAKIA

TU OFFICIAL ON BRIGADE FORM OF WORK

AU071323 Prague RUDE PRAVO in Czech 1 Oct 85 p 3

[Interview with Jiri Neubert, secretary of the Central Trade Union Council, by RUDE PRAVO staff journalist Vaclav Marek: "On the Development of the Brigade Method of Work Organization and Remuneration; What Regulations Cannot Do"—place and date not given; initial paragraph is paper's introduction]

[Excerpts] During the period of its experimental run in many enterprises, the brigade method of work organization and remuneration demonstrated its indubitable benefits for individuals, collectives, and society. What was demonstrated in a limited number of collectives, must now be ensured on a broader scale, since by the end of the next 5-Year Plan the brigade method is to become the main form of organization of work. We spoke with Jiri Neubert, secretary of the Central Trade Union Council, about difficulties that will have to be dealt with in this connection.

[Marek] Several months have elapsed since the issuance of the Joint Principles of the CSSR Government and the Central Trade Union Council on the Development of the Brigade Method of Work Organization and Remuneration. How do you assess the results of their implementation to date?

[Neubert] At present, the brigade method of the organization of work and remuneration is being implemented in 6,900 work collectives by about 163,000 employees. For example, within the framework of the Slovak Ministry of Construction 28.3 percent of workers are participating in it, and within the framework of the Czech Ministry of Construction 17.6 percent of workers participate. However, considerable differences exist between individual sectors and economic production units, and that not only as regards figures, but also quality. We definitely cannot claim that the principles of the brigade method of the organization of work and remuneration are being fully implemented in all collectives. As regards the introduction of this, without doubt, progressive and promising method of the organization of work, we have only taken the first little steps. But that should not lead to haste, to chasing after numbers of collectives. It still continues to apply that the brigade method of the organization of work and remuneration should be realized only in collectives in which political, economic, organizational, and cadre prerequisites have been created. This is a condition without which the method's advantages could not fully show.

[Marek] The first experience has certainly indicated where the main pitfalls for the development of this progressive method are.

[Neubert] Economists see obstacles in the supplier-consumer relations which, allegedly, do not make it possible for economic management to take upon itself the pledge to smoothly supply the collective. Others, again, see the causes in an insufficient application of the principles of the brigade method to the specific conditions of branches, economic production units, a concrete workplace. All the aforementioned explanations are to a certain extent justified. For example, the fact is that by far not all managing [ridici] commissions and consultation centers for introducing the brigade method, set up at ministries' departments [sektory] and especially at economic production units really consistently organize and direct the process of introducing the brigade method.

However, in my opinion the main cause is that the standard of the intra-enterprise management and organization of work in a number of organizations does not correspond to the requirements that are necessary to implement the brigade method. In many places there is no order in the technological-economic norms and in the norms of labor input, the socialist principles of remuneration and intraenterprise khozraschet [economic accountability] are not being consistently implemented and brought all the way down to the collective in indicators that people can comprehend and influence. From this arises the justifiability of the demand that was stressed more than once during the experimental run but, unfortunately, is still not fully respected, that is, that the creation of conditions for the implementation of the brigade method not only be an affair of the economy's formations [utvary], but of the entire economic management, of all its formations.

CSO: 2400/35

7 November 1985

CZECHOSLOVAKIA

CSSR FUELS, POWER MINISTER VISITS ARGENTINA

PY161823 Buenos Aires DYN in Spanish 1524 GMT 16 Oct 85

[Text] Buenos Aires, 16 Oct (DYN)--Czechoslovakia Fuels and Power Minister Vlastimil Ehrenberger arrived on an official visit to Argentina today to hold talks with government officials and to seek greater mutual trade, as well as to sell Czechoslovak industrial technology.

Ehrenberger, who was received at the Ezeiza International Airport by Alfredo Storani, Energy Secretariat undersecretary for business operations, will remain in Argentina for 4 days.

He told reporters that his country is interested in increasing its exports to Argentina as well as in supplying industrial technology in exchange for Argentine goods.

He reported that Argentine-Czechoslovak trade tripled this year over 1984, when Czechoslovakia imported \$92 million worth of Argentine goods, while exporting to our country only \$7 million worth.

"Czechoslovakia is anxious to increase sales to even its balance of payments by exporting technology so that Argentina will be able to manufacture machinery and the labor force will work at full capacity," Ehrenberger said.

He reported that during his stay here he is scheduled to meet with Energy Secretary Conrado Storani and with the members of the State Water and Power Enterprise's executive board. He recalled that his country has been supplying Argentina for a long time with electric generating plants like the one of Guemas, Salta Province, which is still under construction with a \$60 million Czechoslovak loan.

CSO: 2400/35

7 November 1985

CZECHOSLOVAKIA

ENGINEERS-DESIGNERS COMPLAIN ABOUT UNFAIR WAGE SYSTEM

AU161420 [Editorial Report] Prague RUDE PRAVO in Czech on 14 October on page 5 carries an 800-word letter signed by seven designers from the PAL Kbely enterprise, all members of a "socialist labor brigade," in which they complain about what they perceive as an inequitable wage system recently introduced in their enterprise.

The petition, which is published under the headline "Lower Pay for Good Work?," opens by delineating the many awards and honorary titles which members of the brigade have received in the past few years in recognition of their outstanding performance and important inventions. It goes on to say that in the middle of this year, the enterprise went over the new remuneration system, the "second stage of raising the economic effectiveness of the wage system." The new system, the authors of the petition write, is supposed to "introduce more equitable remuneration in accordance with work done and with its importance for society" and to "create scope for a more objective evaluation of every individual" by pegging wages to individual performance, initiative, and other qualities of an employee. In reality, however, the authors of the letter write, 63 percent of employees have been assigned to a lower wage category than previously, despite their "outstanding successes." Moreover, the "results of the objective evaluations of individual employees had to be 'adjusted' to bring them into line with current wages and with the wages payable of the enterprise." As a result, "the personal evaluation does not correspond to the true abilities and qualifications of employees. This artificially scaled-down evaluation can also result in a loss of initiative a people might be tempted to think: I will not work not according to my true potentials, but according to the the abilities that were attributed to me." The authors of the petition also complain about the new bonus policy, as their collective can exert influence on only one of the five indicators that determine the allocation of bonuses.

In concluding their letter, the seven designers say: "All of us now carry home a lower pay than before the change, regardless of the results of our work. What are the consequences? Whether I work well or not, I will get less than before anyhow."

"We believe that this certainly was not, and is not, the aim of the new wage system and that such an approach to the fulfillment of party resolutions in support of scientific and technological progress is not correct."

The petition is followed by a "note of the editorial office," which calls on the enterprise management, the all-enterprise CPCZ committee, and the enterprise committee of the Revolutionary Trade Union Movement to present their position on the letter.

CSO: 2400/35

CZECHOSLOVAKIA

FEDERAL ASSEMBLY DISCUSSES TRANSPORT

AU111436 [Editorial Report] Prague RUDE PRAVO in Czech on 9 October on pages 1 and 2 carries a 1,800-word report by Marie Koenigova on the fifth meeting of the People's Chamber of the CSSR Federal Assembly held in Prague the preceding day. The session, which dealt with the "importance and tasks of transportation in meeting the needs of the national economy and the population," was attended by CSSR Premier Lubomir Strougal; CSSR Federal Assembly Chairman Alois Indra; and other members of the CPCZ Central Committee Presidium--Karel Hoffmann, Milos Jakes, Josef Korcak, and Jozef Lenart. Furthermore, it was attended by Josef Haman and Miloslav Hruskovic, candidate members of the CPCZ Central Committee Presidium; Frantisek Pitra, secretary of the CPCZ Central Committee; Jaroslav Hajn, chairman of the CPCZ Central Control and Auditing Commission; ministers of the Federal Government; and other officials.

On page 2, RUDE PRAVO also carries a 2,500-word report on the main speech at the session, which was delivered by CSSR Minister of Transportation Vladimir Blazek.

In the opening part of his speech, Blazek discusses the important role played by transportation in the economy and the implementation of the sector's targets as laid down in the "Principles of an Integrated State Transportation Policy." He says that, in accordance with this document, the less energy-intensive rail and water transport is being expanded, and in automobile transport public road haulage gets priority over enterprise transport. In aviation, he says, preference is given to the development of international traffic while domestic air traffic "only secures the most essential connection between the important centers of the republic."

Blazek goes on to deplore that investments in transportation have not kept pace with the growing transport volumes. He says in this context: "It is impossible to conceal the fact that the development of the technological base of transportation has not been commensurate with the growth in transport performance. A particularly negative consequence of this has been the exhaustion of excess reserves, especially in the capacities of rail-road transportation, but also the ageing of the means of transportation in public road transport. Let me give you just one example. Because of their technical condition, only 2,700 km of tracks allow speeds of more than 90 km per hour, but even here the maximum speed is 110 km per hour.

"The construction and reconstruction of marshaling centers has also continued at a slower pace than would be necessary, especially in Prague but also in Bratislava, Brno, Ostrava, Usti nad Labem, and other industrial and population centers.

"In civil aviation, investment resources were used just for the unavoidable renewal of the pool of transport and special agricultural aircraft while the base of civil aviation on the ground is lagging behind considerably."

Similar problems have been encountered, according to Blazek, in international railroad and road transport, which "have been ensured under similar conditions as domestic transport, that is, on capacities built in the preceding period. There have been some shortcomings as a result, especially in the mutual exchange of goods between the CSSR and the USSR, which accounted for 70 percent of the overall volume of Czechoslovakia's transportation with CEMA member-countries. Road transportation is lagging behind foreign competitors."

Blazek goes on to discuss structural changes in transportation. He says that the task laid down for the Seventh 5-Year Plan by the 16th Party Congress--to achieve a 70 percent share of railroad transport in the overall goods transport and a 55 percent share of public road haulage, ensured by the CSAD [Czechoslovak State Automobile Transportation] corporation, in overall road transport--will be fulfilled. The 55 percent target for public road haulage was reached as early as the first half of 1984, he says, and the 70 percent target for railroad transport has already been exceeded. According to Blazek, railroad transport accounted for as much as 74.5 percent of all goods transport in the first half of 1985. Also the congress task concerning a reduction in the transport-intensiveness [prepravni narocnost] will reportedly be fulfilled. Blazek warns, however, that this success has been generated by "partial measures" and was not a result of the "comprehensive influence of central agencies" and that it will therefore be very difficult to meet the target for the Eighth 5-Year Plan, which provides for an additional 8-percent reduction in "transport-intensiveness." Blazek also notes that "there still exists a great lack of clarity" and "conflicts of jurisdiction" between shippers and carriers over the question of reducing transport-intensiveness.

Speaking about the fulfillment of tasks in the sector of transportation in the Seventh 5-Year Plan, Blazek also says that some important investment projects "such as the construction of a new railroad crossing between the CSSR and the Soviet Union, the electrification of another 450 km of tracks, or the construction of 380 km of highways [autoblok]" will be fulfilled, despite a "certain strain" caused by the deadlines. He adds, however, that "the full utilization of electrified tracks is and will always be conditional on the deliveries of electric locomotives."

Discussing investments in the period of the Seventh 5-Year Plan, Blazek then says: "Because of limited financial resources, the transportation

sector was unable to start any large-scale investment projects that would fundamentally resolve the inadequate pass-through capacity [propustnost] of major tracks and marshaling yards. As a consequence, our main railroad tractions continue to operate most of the time at the upper limit of their pass-through capacity and the number of so-called bottlenecks in the network of the Czechoslovak railroads exceeds 100."

Speaking about mass public transport, Blazek then notes that "positive results" have been achieved in its reliability and in coordination between individual sections of the transportation sector. He also praises the introduction of new railroad routes "on the basis of our own surveys and travelers' complaints" such as those between Bratislava and Kosice with Liberec, between Kosice and Ceske Budejovice, between Kosice and Decin, or between Prague and Luhacovice. On a less positive note, Blazek deplors that "only partial results" have been achieved in the "cultural standards of mass public transport," especially in the standards of cleanliness and hygiene, as well as in the provision of information and services to the traveling public. The "insufficient cleaning and tidying-up" is caused, according to Blazek, by lack of suitable and effective machinery and shortage of manpower. The endeavor of railroad employees to "maintain order in railroad cars" is also "frequently frustrated by undisciplined passengers who in the course of a single year manage to destroy, damage, or steal railroad car equipment worth Kcs15 million." Speaking about public bus transportation, Blazek says that "despite economy measures caused by the limitation of energy resources in 1982 and 1983" it succeeded in ensuring connection between "all important economic, cultural, and administrative centers."

Further on in his speech, Blazek then mentions the problem of the "decline of manpower" in the sector of transportation and sums up the "main targets and goals" in the further development of transportation. In this connection he says:

"We proceed, above all, from the realization that it is absolutely essential to retain our position of an important transit state in Europe, notwithstanding the growing demands on speed and reliability this entails. In the future it will be necessary, above all, with a view to the geographic location of the Czechoslovak transportation system, to deal with the issues of speed, timeliness, and cultural standards in transportation. It is essential to respect the demands of the International Railroad Union with regard to railroad vehicles designated for international traffic.

"In water transport, it is necessary to proceed from the assumption that we will sign an agreement on the use of waterways in the FRG and that we will continue to make navigable the Labe, Vltava, Vah, and Odra rivers.

"The main tasks in road transport will include the solution of the problems of international long-haulage truck traffic, its position, and, above all, the development of a technological base founded both on the use of CSSR-manufactured vehicles and on indispensable imports of specialized vehicles."

"In aviation, we must proceed from the necessity of reacting to the demands of the International Civil Aviation Organization concerning the noise level of air traffic and the protection of the environment."

In concluding his speech, Blazek then outlines some "general demands" on transportation such as energy conservation, implementation of measures concerning transportation adopted by CEMA, and high effectiveness, reliability, and safety of transport.

In her report on the discussion that followed Blazek's speech, Koenigova first quotes the statement by Alois Hula, chairman of the Industry, Transport, and Trade Committee of the People's Chamber. According to the report, Hula criticized poor planning in deciding on the location of housing developments and industrial plants in large cities, which increases demands on transportation: the insufficient utilization of the 474 km of inland waterways in Czechoslovakia; and the "slow development and utilization: of modern methods such as container transport. Hula reportedly also noted the existence of "untapped possibilities" of reducing "transport-intensive-ness," which lie "inter alia, in the relatively low transport tariffs and in the lack of effective economic incentives stimulating the curtailing of socially uneconomical shipments."

Deputy Pavol Urban, another speaker in the debate, reportedly said that "the fulfillment of tasks in transportation is made complicated by lack of harmony in management and shortcomings in planning." He cited as an [word indistinct] the contradiction between the calls for a binding plan and the shippers' and carriers' interest in the fulfillment of their contracts on the one hand, and the fact, on the other hand, that every shipment that is not materialized represents direct savings from the viewpoint of society.

Deputy Lumir Sakmar spoke about traffic accidents in 1984. He said, according to the RUDE PRAVO report, that 97,356 traffic accidents registered in the CSSR last year claimed 1,235 lives and that 5,522 persons suffered serious injury and 24,959 persons suffered light injuries. Material damage has been estimated at Kcs478 million. Sakmar is also quoted as having said that members of the Public Security Corps "withheld 82,197 driver's licenses, 31,941 of them because of the consumption of alcohol" and that they withheld 340,000 attestations on the ground of the vehicles' poor technical condition.

Finally, Deputy Jozef Trangos is quoted as having asked Eduard Saul, CSSR minister of metallurgy and heavy engineering, whether the "multiple increase in the wholesale prices of electric locomotives is matched by a corresponding improvement in their utility value and performance." Reporting on Saul's response, the RUDE PRAVO report says that although the price of the new type of electric locomotive, the 69 E, exceeds Kcs 9.6 million,

it permits energy savings of 20 to 40 percent compared with the previous type, which means annual savings totalling Kcs 1.9 million. The locomotive thus has an amortization rate of less than 5 years. Saul also concedes the possibility of an "adjustment" of the wholesale price once production costs are reduced.

CSO: 2400/35

CZECHOSLOVAKIA

EXPERT ON START ON PRAGUE-TOKYO TV TRANSMISSIONS

AU161055 Bratislava SMENA in Slovak 15 Oct 85 p 1

[Interview given by Engineer Josef Weiser, head of the coordinating center of the International Radio Broadcasting and Television Organization [OIRT], to Karel Bucek: "The Picture Flies Across the Indian Ocean;" date and place of interview not given; opening and final grafs are SMENA introduction and conclusion]

[Text] Last Monday, CTK issued the following report: The first transmission via satellite of a live television program between Prague and Tokyo, prepared by the ASAHI television company of Japan, was carried this afternoon. This inaugurated the transmission of regular television news programs by this company from the Intersputnik member-countries, carried out in cooperation with the Prague headquarters of the International Radio Broadcasting and Television Organization [OIRT].

Bucek: Under what circumstance has this first live transmission between Prague and Tokyo been implemented?

Weiser: The ASAHI television company of Japan is very interested in information coming from socialist countries. The first contacts between the ASAHI company and OIRT were established during transmissions from the 1980 Olympics; later on, this Japanese company became an associate member of OIRT. For about 2 years now, we have been sending to Tokyo once a week a selection of news items. The ASAHI company would like to gradually set up in Prague its own news office for the socialist countries. Last Monday, the first live entry, lasting 60 minutes, into the program of the Japanese company was carried out.

Bucek: And what about the technical conditions?

Weiser: So far, all programs are being sent via the Intersputnik organization--by land to Bercenay in France and from there via satellite to the Yamaguchi transmitting station near Tokyo. The ASAHI company is interested in setting up a transmitting station of the Intersputnik organization on Japanese territory, which would facilitate these transmission. Negotiations on this matter are now underway.

Bucek: Is it then possible to expect live transmission from Tokyo?

Weiser: This would be possible even now; but we do not yet possess equipment that would receive direct signals from the stationary 13 satellite over the Indian Ocean. Both picture and sound would have another intermediate landing. The transmitting station in Moscow has the necessary technical equipment and from there the picture and sound would then reach us.

The first live transmission between Prague and Tokyo is thus behind us. It is a pity that we do not have the opportunity to also watch broadcasts the other way round. We would then be able to witness the matches of our women's tennis team for the Federation Cup in Nagoya relayed by Japanese cameras.

CSO: 2400/35

CZECHOSLOVAKIA

EDITORIAL VIEWS WASTEFUL USE OF MANPOWER

AU071614 Prague RUDE PRAVO in Czech 3 Oct 85 p 1

[Editorial: "Using Human Labor Economically"]

[Excerpts] The intensive development of the economy is conditional on the complete and most expedient utilization of all available resources. This applies to all factors entering the production process, including labor.

The report of the CPCZ Central Committee Presidium at the 10th session of the CPCZ Central Committee noted that some comparisons of labor productivity between Czechoslovak engineering enterprises and similar enterprises in the world show that our enterprises employ on average 20 percent more manpower. This figure deserves an equally thorough analysis as does material consumption. It means that our products are more wage-intensive and hence more expensive. Of course, no foreign market will show consideration for the greater labor input of our production.... All losses are thus projected into our proceeds from trade.

Where should we look for the ways of catching up with our competitors in this respect? There can be no doubt that our greater demand for manpower is caused by different technological processes and by differences in the conditions and standards of production equipment. Many capital assets in many Czechoslovak enterprises are obsolete and require a more rapid replacement. However, we cannot rely only on the replacement of the machine pool, which would be a very investment-intensive undertaking. It is well known that some of the new capacities, that are being built every year at considerable cost, do not reach the anticipated parameters in labor productivity. We must not forget that the level of labor productivity depends also on the ability of enterprises to use available manpower efficiently and on the effectiveness of their organization and management.

The rationalization of labor is a readily available source of labor productivity growth that does not require any large investments. In the Seventh 5-Year Plan, rationalization helped to reduce labor input in production on a scale equivalent to a work year of almost 32,000 employees. Last year's task, which provided for a 1 percent increase in labor productivity through rationalization, was not only fulfilled, but overfulfilled. Rationalization

measures resulted in a 1.35 percent increase in labor productivity, which represented relative savings of 41,857 employees.

However, a closer look at these generally positive results shows that there are considerable differences in the enterprises' approach to rationalization. Not all enterprises consider whether or not they are handling manpower wastefully. They are content with meeting the 1 percent target in labor productivity growth, although their potential is often higher than that.

This shows that enterprises are not under sufficient economic pressure [to save manpower]. Neither does direct management by higher level agencies prompt them to seek--on their own initiative--and utilize all possibilities of saving human labor. For example, how much could be gained just from limiting work that is spent on products that find no use or that are of poor quality. In the first 4 years of the current quinquennium, compensation payments for faulty products based on customers' claims exceeded Kcs3 billion and internal rejects meant losses of more than Kcs7 billion. Both items represent, in fact, useless labor and strips us of capacities needed elsewhere.

Research and development requires that we get rid of laborious and scarcely productive work and promote highly skilled work, which is capitalized to the utmost. For the time being, however, unskilled work and the handling of merchandise tie up for too much manpower.

About one-fifth of employees in the metallurgical engineering area are engaged in the handling of materials, transportation, and storage and about the same number are engaged in manual operations. Highly productive machinery should be of greater help here in the future. However, we must anticipate that the resources earmarked for this purpose will not suffice for a fundamental modernization everywhere. The relevant agencies must therefore consistently resist attempts at an inefficient fragmentation of resources. The past has proved an ample number of forceful lessons instructing us that pulverization of resources in an attempt to give something to everyone results in great losses. For example, years ago the Agrozet Jicin enterprise built a modern warehouse at considerable cost but it had no money left for a small computer to keep a record of inventories and for the automated steering of carts. The missing technology had to be replaced by a number of employees.

Consistent order and discipline at every workplace are another considerable source of an improved use of manpower. Surveys permit the estimate that an average of 30 minutes of every shift are lost due to shortcomings in organization and management. This means, in fact, that our industry is not operational for 16 work days a year. A considerable portion of these losses can be eliminated virtually without any need for investment.

The government set the task to review in the first years of the quinquennium all norms governing the input of labor and, consequently, to reexamine and put on an objective floor on at least one-fifth of these norms every year. In terms of quantity, the task has been fulfilled. Whereas in 1980 only 47.6 percent of all employees worked according to norms, last year's figure was

66-8 percent. Unfortunately, some enterprises did not overly rack their brains about putting norms on an objective footing and instead of using modern methods in setting the new norms, applied mere conversions. In the future it will, therefore, be necessary to apply on a greater scale norms whose applicability exceeds the enterprise level. Just as we cannot afford to waste expensive materials and energy, we cannot lose any production time.

CSO: 2400/32

CZECHOSLOVAKIA

SLOVAK COMMITTEE DISCUSSES SHORTCOMINGS IN INDUSTRIES

LD250838 Bratislava Domestic Service in Slovak 1630 GMT 24 Sep 85

[Summary] Editor Ladislav Mikus reports on the session of the Committee for Industry and Construction of the Slovak National Council:

The deputies were briefed on the report under preparation by Stefan Urban, minister of industry of the Slovak Socialist Republic. The report shows that renewing the dynamism of Slovakia's national economy in 1983, as well as maintaining the growth in the following 2 years, provides a realistic prerequisite for achieving better overall results than envisaged by the seventh five year plan. It is expected that the planned creation of national income will be exceeded by 2 percent and that industrial production will increase by one-fifth and agricultural production by 11 percent. The savings of fuel and power were 16 percent higher than in 1980, even allowing for the growth of production. Urban, however, pointed to some problems, such as low export efficiency to nonsocialist countries, above all in the timber and textile industries. There is nonfulfilment of the plan in the efficient use of timber, there are delays in commissioning new projects. It has been documented in concrete examples that better results are being achieved in cases where the system of measures is being consistently implemented. The deputies criticized shortcomings in labor and technological discipline and some shortcomings in building industry: the program declaration stipulated that about 8,000 flats should be modernized, but up to now only 788 have been modernized. That is just under 10 percent of the set task. The fulfilment of the actual tasks in basic civic amenities' building is unsatisfactory; there is a shortage in the market of cotton socks for girls and boys, some sizes of corduroy trousers, and wind jackets. There is also shortage of gymnasium footwear and other types of shoes.

CSO: 2400/32

CZECHOSLOVAKIA

PITRA SPEAKS AT COOPERATIVE FARMERS' MEETING IN PRAGUE

LD241446 Prague Domestic Service in Czech and Slovak 1100 GMT 24 Sep 85

[Text] The meeting of the Central Committee of the Union of Cooperative Farmers continued in Prague today with a discussion of the tasks arising for cooperative farmers from the recently adopted measures on the development of the system of planned management of the agricultural and food complex to be applied during the period of the 8th 5-year plan. Frantisek Pitra, secretary of the CPCZ Central Committee, paid tribute to the efforts of this organization to make appropriate contribution to this national pregress activity.

In connection with the fulfilment of this year's tasks, Pitra said that the agricultural sector has been assigned the requirements of fulfilling and exceeding the planned tasks in key qualitative indicators. However, he reminded the meeting, it is still necessary to do a great deal of work to gather successfully all this year's crops, to carry out high-quality sowing in the autumn, and to create prerequisites for a good harvest in the first half of the next 5-year plan. The preliminary results show, Frantisek Pitra stressed that, concerning grain we have had a successful year. This will be the third time in a row that the goals of the 16th Party Congress to produce more than 11 million metric tons of grain annually will be exceeded. Despite this, it is necessary to carry out a thorough analysis of the level of cultivation discipline [as heard] and organizational work, analyze the reasons for unjustifiable differences in yields, appraise the effectiveness of cooperation during the harvest, and draw the necessary conclusions to ensure that the progress made in grain production acquires an enduring character. The ensurement of a further development of agricultural production with its compl Frantisek Pitra underlined, can only come about through more exten. ... ization of the findings of sciences and technology in production.

CSO: 2400/32

CZECHOSLOVAKIA

CSSR ATOMIC ENERGY COMMISSION DISCUSSES RESEARCH, SAFETY

LD101700 Prague Domestic Service in Czech and Slovak 1400 GMT 10 Oct 85

[Text] The 42d regular session of the plenum of the Czechoslovak Atomic Energy Commission was held today in the Dukovany power station. It discussed questions connected with the implementation of the Czechoslovak nuclear program and experiences in the commissioning of the first power unit of the Dukovany nuclear power station and the first power unit in the V-2 Jaslovske Bohunice nuclear power station. The plenum also discussed the application of the results of the research and development in the disposal of radioactive waste at working nuclear power stations and nuclear power stations under construction. It also examined the state of production of nuclear technology instruments intended for the control of production processes and the question of the economic utilization of waste heat from Czechoslovak nuclear power stations for the development of agriculture.

The commission also familiarized itself with the results of the state control over the nuclear safety of Czechoslovak nuclear equipment which is showing a high level of production reliability.

Participants in the session, held on the building site of the nuclear power station in Dukovany, familiarized themselves with the construction progress of this demanding power project.

CSO: 2400/32

CZECHOSLOVAKIA

FOJTIK ATTENDS WORKERS CONFERENCE IN SOUTHERN BOHEMIA

LD242027 Prague Domestic Service in Czech 1630 GMT 24 Sep 85

[Text] At a regional working conference in Ceske Budejovice politicians and economists discussed today the controls of the implementation of conclusions of the 15th session of the CPCZ Central Committee and the economic development in the south Bohemian region to date.

The head of the CPCZ Central Committee's delegation Jan Fojtik, candidate member of the Presidium and secretary of the CPCZ Central Committee, speaking at the discussion, appreciated the mobilization approach of communists which will, no doubt, contribute to the further development of political, economic, and political-organizational and ideological work in the south Bohemian region. He stressed that we must be more consistent in our efforts to increase the efficiency of production and improve the quality of products. It is also necessary to ensure order and discipline everywhere, not to allow waste, and not to tolerate bad work and indifference toward the consumer. Comrade Fojtik then spoke about socialist competitions which must be directed toward the quality indices of the plan and toward a speedy intensification of the economy. In this connection, he praised the Prague enterprises' initiative.

CSO: 2400/32

CZECHOSLOVAKIA

BRIEFS

COLOTKA VISITS PAPER MILL--Peter Colotka, member of the Presidium of the CPCZ Central Committee and Slovak SR premier, has visited the North-Slovakian Pulp and Paper Mills National Enterprise in Ruzomberok. He was interested in present problems the plant has encountered in the process of implementing the tasks of the state plan and in investment plans which would lead to improvement in environmental protection. He also showed interest in capital spending in the sphere of manipulating wood. He focused his attention also upon further development of the enterprise in the context of pulp production and to the improvement of this production by building a paper mill. With the party and economic management of the enterprise he discussed the preparation of the agenda of the annual membership meetings of the primary CPSL organizations and preparation of the all-enterprise party conference. [Text] [Prague Domestic Service in Czech and Slovak 1300 GMT 21 Oct 85 LD]

TECHNOLOGICAL COOPERATION WITH USSR--Today, Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee, received Academician Boris Naumov, director of the Electronic Control Machines Institute of the USSR Academy of Sciences. During their conversation, they examined the possibilities of developing future cooperation between the two countries in computer technology. [Text] [Prague Domestic Service in Czech and Slovak 1700 GMT 14 Oct 85 LD]

NUCLEAR PLANT CONSTRUCTION--After a 2-year break, the bridge-building plant of the East Slovak Ironworks in Kosice once again began production of reinforced concrete blocks for nuclear power stations, in this case for the one at Mochovce. The plant has already supplied a total of 14,500 metric tons worth of these blocks, which weigh 12 tons each and are used to frame reactor buildings, to nuclear power plants at Dukovany and Jaslovske Bohunice. The welds, which have to meet Soviet specifications, undergo quality control by x-ray. By the end of this year, the bridge-building plant of the East Slovak Ironworks will supply 500 tons of these reinforced concrete blocks to Mochovce. [Text] [Prague Domestic Service in Czech and Slovak 1100 GMT 18 Oct 85 LD]

ARGENTINA-CSSR ECONOMIC COOPERATION--According to CSSR Fuels and Power Minister Vlastimil Ehrenberger, Czechoslovakia will reportedly cooperate with our country in a plan for gas exploitation. Ehrenberger added that he will seek in Argentina new possibilities for expanding economic and technical cooperation between the two countries. [Text] [Buenos Aires Domestic Service in Spanish 2300 GMT 16 Oct 85 PY]

TRUCKS FOR PRC--This year, the CSSR will deliver 4,340 trucks to China, of which 2,140 will be Tatra-815 trucks, capable of carrying 15 metric tons of load, and 2,200 Liaz vehicles. A total of 500 of the Tatra-815 trucks delivered to the PRC are assembled locally under the supervision of 7 Czechoslovak technicians. [Summary] [Prague PRACE in Czech 24 Sep 85 p 2 AU]

CSSR-U.S. ECONOMIC TALKS--The 2-day Seventh Plenary Session of the Czechoslovak-American Economic Council ended in Chicago on Tuesday [24 Sep]. It dealt with the possibilities of further developing commercial, economic, and scientific-technical cooperation between the CSSR and the United States. On behalf of the Czechoslovak side, the talks were chaired by Jiri Koutnik, chairman of the Czechoslovak section [of the council] and director general of the Centrotex foreign trade enterprise. They were also attended by Stanislav Suja, CSSR ambassador to the United States. The Czechoslovak representatives noted the need to eliminate the obstacles which the American side puts in the way of a complete normalization of mutual trade exchange. [Text] [Prague RUDE PRAVO in Czech 25 Sep 85 p 7 AU]

HARVEST, SOWING PROGRESS--According to the CSSR Ministry of Agriculture and Food, potatoes have been gathered from 54.4 percent of the area of cultivation in Slovakia and from 36.5 percent in the Czech Socialist Republic so far; silage corn from 71.7 percent and 31.1 percent respectively; and grain corn from 0.9 percent and 5.6 percent respectively. The sugar beet harvest has also started. According to latest estimates, per-hectare yields are expected to amount to 41 metric tons and the sugar content averages 13.4 percent compared with the planned sugar content of 16 percent). The sowing of winter grain crops has been completed on 22.8 percent of the planned acreage in the Czech Socialist Republic and on 9.4 percent in Slovakia. [Summary] [Prague RUDE PRAVO in Czech 25 Sep 85 p 1 AU]

PRELIMINARY CZECH HARVEST RESULTS--Although grain crops will remain to be brought in from the last 1,500 hectares in the Czech Socialist Republic, it can already be stated with certainty that the harvest has exceeded expectations. According to an estimate of 15 September, per-hectare grain yields will average 4.65 metric tons. [Summary] [Prague ZEMEDEL'SKE NOVINY in Czech 25 Sep 85 p 1 AU] This means that the planned grain harvest in the Czech Socialist Republic will be exceeded by 420,000 metric tons. [Summary] [Prague PRACE in Czech 25 Sep 85 p 4 AU]

COOPERATION WITH NETHERLANDS--Following a session of the joint CSSR-Netherlands commission held in Prague on 23-25 September, a program of health care-related, cultural, educational, and scientific exchanges for the 1986-88 period was signed between the governments of the CSSR and the Netherlands. [Summary] [Bratislava PRAVDA in Slovak 26 Sep 85 p 2 AU]

ATOMIC ENERGY COMMISSION VISITS CSSR--The first secretary of the Communist Party of Slovakia, Jozef Lenart, today received Fidel Castro Diaz Balart, executive secretary of the Cuban Atomic Energy Commission. At the meeting, which took place in Bratislava, information on experience in the preparation and construction of nuclear powerhouses was exchanged. The Cuban delegation, headed by Castro Diaz Balart, is in Czechoslovakia on an official visit at the invitation of the Czechoslovak Atomic Energy Commission. [Text] [Havana Domestic Service in Spanish 2300 GMT 7 Oct 85]

CSO: 2400/32

LOWERED INTEREST RATES HELP INDEBTED BUSINESSES

Budapest FIGYELO in Hungarian 22 Aug 85 p 5

[Article by Miklos Breitner: "Lower Interest Rates; Billions From One Percentage Point"]

[Text] We reported in just last week's issue that between 1982 and 1984 the bank loans of industrial enterprises increased by 50 percent, and interest makes up a substantial proportion of this. For example, at those enterprises where the bank loans already reach 7 percent of the sales receipts one can find 20 percent of the machinery and equipment of industry and they provide 14 percent of the convertible accounting export (this is 3 percent of the industrial enterprises). So one can understand the passable response after the Hungarian National Bank reduced the interest rates last week.

The question of course is: If the enterprises are insensitive to costs--as is heard so often--including the development of banking costs therein, then will this have an effect on their decisions? We should not forget, however, that as a result of the fundamentally transformed regulator system the enterprises this year are more concerned with the costs arising. Taxation on the basis of resources and wage regulation, in the competitive sphere, on the basis of the earnings level (while it may not adequately encourage an increase in export) may start a restructuring of enterprise expenditures. A multi-level contingent method is justified simply because data worthy of analysis are hardly available yet.

Moderating the interest rate by one percentage point--one might say--does not count for much; according to the experience of earlier years this is below the threshold of sensibility. But if we think of the situation of those enterprises which are very much "indebted" then this measure does ease the burdens for them. We have to put "indebted" in quotation marks because the assumption and repayment of credit is natural in the life of a dynamically developing, striving enterprise or one capable of holding on to the market position it has won. It can make an advance from credit on its later profit and amortization. The problem appears with enterprises which assume credit but are able to repay only with difficulty; they are the ones we prefer to call "indebted." The fact is that the enterprises will save 3.4-3.5 billion forints with this moderation. The results of the enterprises will increase by this much, and one billion will remain with the enterprises and cooperatives. The

moderation of the interest rates will serve primarily to enliven the investment sphere, although taking into consideration the effect of the regulators it is not at all sure that investment purchasing power will arise from this.

The warning sign was a fulfillment of investments and developments which lagged behind the national economic plan, but this also could be the result of the combined effect of several factors--the general economic situation, the existence and magnitude of the accumulation tax and, naturally, the interest rates.

What made a moderation of interest rates possible was primarily that the cost of getting credit abroad decreased. A person who has been watching the prime rates, the discount interest rates, in the world at large for the last year or year and a half certainly expected similar steps here at home, presuming that no one forgot the earlier argument: If the foreign partners loan to the Hungarian National Bank at high interest then the bank cannot hand this on more cheaply. Now the reverse has occurred.

Another thing that facilitated a reduction in interest rates was that this year the growth rate of producer prices slowed down and this led to real interest rates of "historic" magnitude, comparing the price index in the production area with the nominal interest rates. Thus it was really only rarely that one could earn the interest through development. In the third place the national economic plan had aimed at an enlivening of the economy, and this did not take place in the first half of the year. It would be good, of course, to recognize the interest rate sensitivity of investments and developments....

On the basis of information obtained at the Hungarian National Bank the long expected interest rate reduction will not end with this step, the trend will continue. It is true that in the next step they will also have to moderate the deposit interest rates, because otherwise the interest rate will be consumed between the deposit and the credit interest. If the interest rate is further reduced the Ministry of Financial Affairs can also count on a drop in budgetary receipts in regard to the profit of the bank. And monetary and fiscal policy are linked at this point. It is still an open question which will be the stronger....

7 November 1985

Interest Rates on Bank Loans Beginning 15 August 1985

Category	Interest Rate, annual %
<hr/>	
I. Bank of issue (refinancing) loans	
Refinancing loans to financial institutions	
Term shorter than one year	10.5
Term longer than one year	11.5
If discounting promissory notes (drafts)	9.0
II. Loans offered by financial institutions	
1. State (developmental) loans	13
2. Long and medium term loans	
a. Investment loans	13
b. Medium term loans as advance on working funds	
in general	13 (1)
post-adjustment of working assets increment	13+1 (1)
c. Medium term loans repayable from sales receipts	13 (1)
d. Other loans (2)	13 (1)
3. Short term loans	
a. Short term (ad hoc) working assets loans	12
b. Book credit	12
c. Loans to supplement working fund (3)	12
4. Financial institution discounting (refinancing) loans	
a. Loans refinancing commercial credit to enter-	
prises, cooperatives and small undertakings	12
b. Discounting promissory notes (drafts)	10.5
c. Loans refinancing credits to export firms	8.25
d. Discounting negotiable export certificates	
term up to 180 days	6
term over 180 days	7
<hr/>	
1. If the term is for one year or less then the interest rate is identical with the interest rate established for short term loans.	
2. This includes council and technical development funds, loans as advances on the Water Affairs Fund, innovation loans, export prime contracting credits, etc.	
3. Must be renewed annually.	

8984

CSO: 2500/6

HUNGARY

TAX LAWS DEFEAT INVESTMENT CREDITS

Budapest NEPSZABADSAG in Hungarian 23 Sep 85 p 6

[Article by Katalin Bossanyi: "Comment: A Tax on Concessions?"]

[Text] A director I know called me in raptures:

"At last, we got the credit, so we can start on our export expansion investment this year. This is a great event in our lives; it is a sort of guarantee that within 2 or 3 years we will be able to increase our competitiveness and profitability significantly."

And he listed at length the expected advantages--promising not only enterprise successes--and then added, with some malice:

"Of course, during the time of realization and immediately thereafter--regardless of whether we work well or more poorly--all our economic indexes will automatically deteriorate, and the top leaders of the enterprise may have to give up their premiums."

The statement is a paradox, but it is true. As a result of the investment, financing, accounting and repayment practice used today each larger development means a sort of failure for the managing unit undertaking the risk--whatever the profit promised for the future. It is not only that investing these days is an expensive amusement from the beginning, because according to even modest calculations an additional financial burden of about 40 percent will be added to the basic costs of the development--as it proceeds. It is much more that the domestic methods deviate so considerably from the internationally proven practice. As an example it is enough to note that here one must begin to repay the costs of the developments being realized from the credits during the time of the investment, although the enterprise will get the hoped for extra income only later. It causes a similar problem to the enterprises that the pay off on the development is accounted for from the moment of activating the machines and equipment. Thus they cannot calculate adequately with the run-up time or the temporary losses of getting on or expanding the market. This especially causes problems for managing units radically renewing their product structure, because in their case the price of the products being phased out no longer carries the immediate extra costs of development. This plight encourages them to raise the prices of their new,

more modern products which can be manufactured more productively--and thus in theory could be sold more cheaply--and the increase is sometimes out of proportion. And if the market defeats this price game then they easily get stigmatized for having carried out a development thoughtlessly. The quite mechanical practice of bookkeeping and accounting also causes conflicts. The value of the fixed assets of the enterprise suddenly increases in the course of the investment, and this changes the assets proportional profit or the index of profitability. And since the extra money of the leaders depends on the latter the reward of a good investment is sometimes a loss of personal income.

This is why the enterprise leaders say that recently we have been punishing those who try to develop. Of course this unique conflict of interest will not hold back any forward-looking director from investing if he has a realistic development idea--in defense of the future. They may be skeptical, but they have also taken note of the new burdens deriving from this year's changes in the regulators--the property tax and the accumulation tax which falls on current developments. They know very well that in the latter case nothing else is involved than a forced limitation on investment purchasing power. And sober consideration dictates that this 18 percent tax burden--strikingly high--should be reduced in an upturn phase of the economy.

Save that we are expecting the warmly wished for upturn from swift, structure improving developments--among other things. And an accumulation tax of equal magnitude--in the name of regulation, although actually in a revived spirit of leveling--holds back and makes difficult the developments aiding a more comprehensive advance of the economy, and holds back and makes difficult a mobilization of thinking in the traditional production area. This undifferentiated judgment is especially striking in the case of structure transforming developments promising to be durably advantageous from the economic policy and industrial policy viewpoint. It is the international experience that the state encourages such developments everywhere with various preferences--for example with capital awards or tax concessions. (The managing units can get these concessions here only if they get into trouble and it turns out that they are incapable of paying their debts.) Even more striking is the forced, and apparently excessively mechanical, withdrawal practice of the budget in "taxing" the World Bank credits which accelerate the chief national economic efforts. These are obviously--and understandably--preferential credits, which are neutralized by the accumulation tax.

The question is: Why do we take away on the one side what we gain on the other?

8984

CSO: 2500/2

HUNGARY

SUPPORT FOR UNPROFITABLE COOPERATIVES EXPLAINED

Budapest NEPSZABADSAG in Hungarian 12 Sep 85 p 3

[Article by Pal Gulyas: "Instructive Experiences; Strengthening the Weak Among Large Agricultural Operations"]

[Text] If our agriculture, recognized even internationally, is to continue to carry out its mission well, a mission of extraordinary importance from both the economic and social viewpoints, we must also take into consideration its problems and difficulties, only one of which we will deal with now. We will deal with the fact that a group of the producer cooperatives and state farms operate in a lasting way with low profitability or at a deficit. One reason for this is that the large operations in question are farming amidst unusually hard conditions. But it is also a fact that they are not in trouble exclusively because of unfavorable production location conditions. This is proven convincingly by the comprehensive studies and analyses, extending to every essential factor, which an inter-ministry committee made up of representatives of the Ministry of Agriculture and Food, the Ministry of Finance and the Hungarian National Bank initiated 6 years ago.

It was felt at that time that such a study was justified in 150-200 of the large agricultural operations, that on the basis of this they would work out proposals which, when realized, would gradually make management of them profitable. Sandor Misi, chief of the directorate of the cooperatives at the Ministry of Agriculture and Food, informed our editors that this work has been done in 134 places thus far. But because of the serious natural disasters of recent years, the narrowing of developmental resources for the farms and the increase in withdrawals they now feel that this special procedure will probably be needed at an additional 130 large operations.

What Surfaced?

Among the proposals aimed at setting on their feet the farms affected first place goes to rationalizing the crop production structure and animal husbandry which do not suit the natural conditions. Soil improvement and moderating the damage done by repeated flood and internal waters are also of great significance. In like manner it is necessary to raise leadership, professional guidance and an attitude of cost-effectiveness to a good bit higher level. Conserving on costs and materials and putting an end to those sources of loss which derive from lack of organization and slack work discipline are closely linked to this. Creating or expanding industrial branches outside the area of the foodstuffs economy have a very great role especially in the large operations with unfavorable conditions.

However, there are also other factors affecting efficiency, which even together with those already listed are not enough to end deficit operations. It has been established even at the government level that the large agricultural operations that are weak and work under unfavorable conditions cannot do without central financial supports and concessions. For this reason it was decided that the farms needing it can get aid on the basis of individual consideration, tied to strict effectiveness conditions. As in other branches of the economy--for example in coal mining--here too there are weighty reasons for special treatment or measures which deviate from the so-called normative conditions system.

We asked for and received from the leaders of several farms information in writing about what the special treatment of the large operations with unfavorable production conditions brought to the surface and what results accompanied this. Karoly Nyilas, chairman of the Korosmenti TSZ in Veszto, reported that the losses of the 10,000 hectare farm created 10 years ago through unifications increased year by year and exceeded 11.5 million forints in 1981. The experts of the inter-ministerial committee decided, in agreement with the leaders of the cooperative, to liquidate the deficit branches, transform the entire production structure of the farm and to start construction investments only after repaying the credits assumed earlier.

As for the internal weaknesses of the TSZ, a quotation from the chairman's letter serves to characterize them: "There was one case where the leader of the wheat branch left the area and the leader of the corn branch took it over and began spreading artificial fertilizer. They spread the artificial fertilizer even though the straw was still there. Then the leader of the wheat branch took over and burned the straw. Of course, he burned up the artificial fertilizer too."

However the cooperative realized or is continuously implementing what is contained in the measures plan. It is thanks to this among other things that while they produced 15.3 tons per hectare in 1982, measuring in grain units of wheat, barley and corn together, they produced 27.8 tons in 1984 and last year finished in first place in the grain production competition.

Gyorgy Szabon, chairman of the Banvolgye Producer Cooperative in Nagybarca, works at the head of a large operation of 9,500 hectares, but its plowland area is only 2,800 hectares. Its fields are in the valley of the Sajó River and Ban Creek and on the sides of the surrounding hills, in a total of 15 localities, even in Aggtelek 50 kilometers from the center. It is primarily due to this and to the largely bad soil conditions that they were unable to operate profitably.

After the study there they took the areas unsuitable for cultivation out of production. Where it was worth it they established meadow or forest and they simplified the sowing structure. They are raising and fattening cattle and sheep. They got better breeds than before in both branches. In 1980 the annual milk yield per cow was 1,399 liters there; last year it was 3,421 liters and their plan for this year is 3,500 liters. They have increased their number of ewes from 2,600 to 4,000 and have succeeded in making this branch more efficient also.

They considerably developed their industrial branches the production value of which exceeded 193 million forints last year as compared to 40 million in

1980. These branches provided jobs for 350 women and also made it possible for the cooperative to realize twice as much agricultural investment in the past 5 years as the 60 million forints' worth originally planned.

Serious troubles were also remedied at the Szarvas State Teaching Farm. Director Istvan Meszaros emphasizes primarily the significance of the fact that as of 1 January 1980 the teaching farm was combined with the Trans-Tisza Melioration Enterprise and later--since they were operating at a loss--the fish ponds were leased to the Szarvas Fish Farming Research Institute.

Different Solutions

The enterprise had a deficit of almost 5 million forints in 1979 and it began its new life with this burden. The situation was eased by the 18 million forints which it received to modernize its aged agricultural machine park as a developmental source without a repayment obligation. Another 1 million forints was extended to it as a supplement to the working fund connected with foodstuffs industry processing. The due date for almost 80 million forints in developmental credit was extended to 1990. But the farm was obliged to put an end to its deficit of about 5 million forints by the end of 1984.

There was much else in the measures plan which the farm set about accomplishing. For example, it was to set up self-accounting units and make available to them the fixed and working assets needed for independent management. Material interest was defined in a way which adjusted to the size of the per capita profit.

Together with dozens of production, organizational and leadership changes this also contributed substantially to their eliminating their deficit 3 years earlier than prescribed, and they increased the value of their production by almost 25 percent in 4 years.

Ferenc Lendvai, chairman of the Lenin Producer Cooperative in Kapuvar, also reported in detail about the difficult periods of their 5,500 hectare farm and about what they did to eliminate their deficits. Thanks also to significant state support their crop production and animal raising show a substantial improvement. In 1981 they already closed the year without a deficit or a fund shortage.

Surely everyone has already heard of the Ecsed Marsh and how mercilessly bad the conditions for agricultural production are in this part of Szabolcs-Szatmar County. Gabor Meszaros, chairman of the Rakoczi TSZ in Nagyecsed, writes with cause: "It is no wonder that our cooperative, formed in 1960, just stumbled along for 18 years." A radical change began after the situation of the TSZ was studied in May 1981 and the most important tasks to make the farm profitable were determined. Since then the sales receipts of the TSZ have almost doubled and the combined profit over 4 years was 53 million forints.

The industrial, construction industry and commercial branches are very important for them. For example, within the framework of their contact with the Medicor Works they are producing heads for injection needles, working on more than 50 types of medical hand instruments and producing transfusion-infusion blood therapy devices for one-time use. They also have a dressmaker's shop, they make shoe uppers and they operate four meat shops and one espresso. The cooperative has almost 1,400 permanent workers, twice as many as 5 years

ago. They placed their new workers almost exclusively in the industrial branches.

The industrial activity also contributed to a large degree to the fact that they are developing rationally the agricultural production possible on the Ecsed Marsh.

Jozsef Boncz, chairman of the Peace TSZ in Kutas, lists the plans they prepared in 1982 and 1983, on the basis of the regulators at that time. They included development of and payment of premiums for dairy farming, on the basis of selling the extra milk. After starting the investment it turned out that the milk premium had disappeared. They also started melioration work on the plowland. A regulator change soon followed, and what is more an item very important in their situation was taken out of the sphere of supports. Citing these and similar examples the chairman reports that the frequent changes in the economic regulators cause uncertainty and damage just as much as if the necessary changes were long postponed.

It Must Continue

Statements and experiences of another nature merit attention from the report of Vince Abraham, chairman of the People's Freedom TSZ in Ruzsa. He emphasizes that there is a need for leaders who work in harmony, without intrigues, in an exemplary manner. Good contact between members and leaders based on sincerity and mutual trust is an indispensable condition. The great majority of people not only accept but even demand well organized, disciplined work, that everyone be paid and rewarded according to his performance. A community with this spirit expels harmful elements--without regard to their assignment. They succeeded in bringing this about. This also had a very important role in the fact that they were able to accomplish everything decided on jointly with the study committee and the membership in the spring of 1982. In 1981 they had a deficit of half a million forints; last year they had a profit exceeding 17.5 million.

Official data also show that the large operations studied have achieved much better results than before--ignoring a few exceptions. Their average yields per hectare increased from 2.6 to 4 tons for wheat, from 4 to 5 for corn. The milk yield per cow increased by 40 percent. It cannot be quantified but from the social viewpoint it is very significant that together with restoring the economic balance the large operations being discussed had such achievements as raising the standard of living of the affected population, renovating the villages and reducing the age of the cooperative membership.

It is the well conceived interest of our entire society that strengthening the weak large agricultural operations should continue--making use also of the lessons of the experiences thus far.

8984

CSO: 2500/12

HUNGARY

AGRICULTURAL SUBSIDIES TO PROMOTE COMPETITIVENESS

Budapest FIGYELO in Hungarian 19 Sep 85 p 17

[Interview with Peter Medgyessy, deputy minister of finance, by Ivan Wiesel: "Competitiveness and Financing in Agriculture"]

[Text] Proceeding on the path of intensive development our agriculture has achieved results in recent years which are recognized even on the international scale. But the conditions of management have become more difficult from two sides--prices on the international markets have sagged and agricultural protectionism is placing more and more limits on our export, while purchasing power regulation has narrowed the financial possibilities. What can we expect in the 1986 regulation of agriculture? Ivan Wiesel, of our journal, talked with Peter Medgyessy, deputy minister of finance, about this.

[Question] In recent years a complaint has been heard ever more frequently when visiting the agricultural operations: The possibilities for development are narrower year after year and this threatens the preservation of those achievements reached in the 1970's. And this has happened in a period when the international challenge to the foodstuffs producing branches has become very strong. What is your opinion about the agricultural financing policy of recent years?

[Answer] It is true that not even agriculture could be exempted from the balanced economy policy aspirations of the 1980's. In a number of areas the investment sources created for foodstuffs production did not prove sufficient for a suitable improvement of the technical level. The backwardness of the technical level of animal husbandry is especially striking. Despite this the foodstuffs economy contributed in a noteworthy manner to easing the external balance tensions. It increased its export significantly in volume and achieved a considerable foreign exchange yield in value as well. It is carrying out the energy conservation program effectively. Agricultural financing also oriented it in this direction, so the results were not achieved independent of this. But in addition to emphasizing and recognizing the results and understanding the problems we cannot fail to mention that in foodstuffs production we have not made the needed progress in improving efficiency.

[Question] The international prices are lower, efficiency is not developing satisfactorily--should foodstuffs export be increased further?

[Answer] The question hides a complex interdependency. It must be established first of all that our foodstuffs export has been affected unfavorably recently by the combined effect of changes in three factors fundamentally influencing the economy of export--production costs, the foreign exchange prices and rates of exchange. The most sensitive loss appears in the great decrease in our non-ruble accounting foreign exchange prices. Our export of meat--including our unprocessed or less processed products--has suffered and is suffering the greatest losses. According to our calculations there was a loss of several hundred million dollars last year because of a price drop of about 20-25 percent for these products. The losses warn us that our foodstuff-producing branches cannot be exempt from the constraint of the economy of export, and thus from the necessity of improving efficiency. An even better exploitation of our possibilities in the areas of cost management and production organization is a condition for further development. In the interest of exploiting more favorable marketing possibilities we must expand the degree of processing of our foodstuffs products, striving to develop a better quality and more varied product structure. Well guided and selected developments will be needed for this.

In the future the goal with the system of supports will be not to offer support to compensate for costs but rather, basically, to ensure the intensification of production, especially in the area of animal husbandry. So as a whole, in my opinion, foodstuffs export can be increased in such a way as to augment the income of the national economy. Even with the momentarily unfavorable world market prices we cannot give up export, so only one thing can be done, we must improve cost-effectiveness and competitiveness quickly and effectively. This will require an essential development of the present structure of export and of the processing of products.

[Question] What is the budgetary link of agriculture?

[Answer] The budgetary supports for foodstuffs production increased by 33 percent between 1980 and 1984 and reached 61 billion forints. The investment supports--in accordance with the economic goals pertaining to controlling investment purchasing power--moderated, from 8.8 billion forints to 7.3 billion forints. The payments into the budget by the foodstuffs economy increased by 54 percent in this same period, to 73 billion forints. A fundamental change in the development of the budgetary links of foodstuff-production took place in 1984, because the negative budgetary balance characteristic of previous years (minus 5.4 billion forints in 1983) changed to a positive balance of 4.6 billion forints by 1984, if we calculate with the consumer supports connected to foodstuffs and the turnover tax. Such a change in the magnitude and composition of the budgetary links of agriculture developed in accordance with plan and financial policy thinking.

[Question] It is true that regulation is not free of contradictions but it is also a fact that the number of operations with financial shortages increased recently.

[Answer] It is true that recently 130-150 large agricultural operations end up with a financial shortage each year; more than half of them settle their financial shortages themselves, from their own resources or by using credit or

loans from the Mutual Support Fund. A budgetary settlement takes place for about one third of the operations. We usually finance from the budget half of the total financial shortage--about half a billion forints. It is not in the interest of our national economy that such problems should develop. For years we have been conducting comprehensive studies in order to create the personnel, objective and material conditions for economical production in the sphere of permanently low efficiency large operations. Within the framework of this work we have studied a total of 130 large operations thus far. As a result of this profitable management now takes place in a crucial proportion of these operations and lasting conditions for a balance have been created. In regard to judging the liquidity situation and the problems which can be found in this area, it must be emphasized first of all that we are not talking about some sort of agricultural specialty. Enterprises in a number of other sectors of our economy are struggling with this too. The liquidity situation is differentiated in the foodstuffs economy as well. The allocation of the profit reserve, for example, indicates this. The total profit reserve in agriculture is of a significant order of magnitude--about 10 billion forints. For the majority of our large agricultural operations--about 60 percent of them--the profit reserve is only 1-5 percent of the profit and 40 percent of the profit reserve can be found at only 15 percent of the large operations. With the increasing financial shortages the liquidity situation of the operations also deteriorated and this has an effect on other areas of the economy too. We increasingly meet with the situation that jobs which have been entered in the books become unrecoverable in later years, which certainly indicates the deficiencies of financial discipline as well. As a whole the good ones get better and the weak ones must struggle more to survive. Financial policy is trying to see to it that the weak ones also have realistic possibilities for catching up, but we cannot produce too comfortable a situation for them because this could be provided only by an even stronger curtailment of the possibilities of the good ones.

[Question] What can the agricultural operations expect from the 1986 changes in the regulators?

[Answer] In the future also financial policy will implement a system of tools which is aimed at having the production structure adjust better to market needs, with a relative limitation on solvent demand, aimed at improving quality and efficiency. Carrying out this task will require an even better exploitation of the biological foundations in foodstuffs production as a whole, broader use of energy conserving and assets conserving technologies, technical development and a further modernization of the incentive and organizational system. Improving the situation of branches or operations which are backward for objective reasons must be aided by regrouping material forces within the foodstuffs economy in order to solve the problems which hold back development. At the same time, development according to plan also shows that there is a need for proportional central measures to improve income in the low profitability branches--milk, corn, etc. Taken together these will improve the position of the agricultural operations by 1.5 billion forints. So in 1986 agriculture as a whole will get tangibly more central resources than in 1985. This is especially true in regard to raising the technical level of the branch. To aid this we have introduced support increases in some branches of animal husbandry--increasing operational and investment supports alike.

An example is the state support for creating cattle sites, which increases to 50 percent, or the 30 percent investment support for raising poultry. In the future the support given for construction and modernization of irrigation sites aiding an intensification of production will extend to the technology realized with the framework of these investments. The operations have taken many types of initiative to make use of the obligatory reserve funds of agricultural producer cooperatives which were sequestered in earlier years. We also consider justified the development of an institutional solution which can be coordinated with control of investment purchasing power and at the same time contributes to moderating the tensions of money management. Beginning next year, the producer cooperatives can turn these funds to repayment of developmental credits due, divided over three years, or can pay them into the Mutual Support Fund for purposes of liquidity.

Because of the anti-inflation efforts, increasing the tax allowances and price supplements will receive a greater role among the measures compared to earlier years. In addition, the significance of using prices according to quality will increase--whether this be grain, hogs or other products. This is in harmony with the high export requirements. The operations must prepare for this practice in an ever broader sphere.

The changes in the industrial, producers and import prices of the tools of production used in agriculture and in the fees for services will be passed on to agriculture. For example, the prices of agricultural machines, crop protection materials and artificial fertilizers will increase. The magnitude of the input price increases will not reach the magnitude of the price increases of earlier years. At the same time, the reduction taking place in the world market prices for protein feeds will make possible a reduction in the acquisition prices for imported protein feeds and domestic vegetable oil industry feeds, which will improve the income position of hog raising and poultry production.

In addition to reducing the price of protein feeds we will encourage hog raising with a 50 filler purchasing price increase per kilogram. A seasonal purchasing price will be introduced for slaughter chickens; in the winter season the purchasing price per kilogram will be higher than at present by 2 forints, in summer it will be lower by 1 forint. This means an average price increase of 0.35 forints per kilogram for chickens.

We will improve the profitability of corn production with a tax allowance of 800 forints per hectare for the area harvested, but at the same time, by tightening the wheat standards to adjust to export requirements, we want to correct the sowing area ratios of the two plowland cultures--interdependent with export interest.

We will improve the profitability of milk production with a 90 filler per liter increase in the price supplement. Support for fish production justifies introduction of a uniform producers price supplement, since the market conditions of recent years have influenced the profitability of production unfavorably. At the same time we will end the price supplement for fish at operations with unfavorable natural conditions.

The reconstruction programs and developments needed to solve the tasks of foodstuffs production which have been taken into consideration also require a correction of investment purchasing power regulation. Within the framework of this there will continue to be one type of tax for the agricultural and foodstuffs-producing branches, the accumulation tax will regulate investment purchasing power. Exemptions from the accumulation tax will continue; indeed, the cattle and hog sites also will become tax free. In the past 2 years investments in agriculture have fallen behind from what was figured on in the plan. Continuing this trend for a longer time might make difficult the realization of the production policy goal of the plan. For this reason--in taking a closer look at the 1986 national economic plan--we must return to a moderation of the tax, in harmony with the general requirements being realized in the national economy.

Reducing the chief element of the support system valid for farms with unfavorable natural conditions beginning in 1985, that is reducing the magnitude of the price supplement, poses significant efficiency improvement requirements for the farms. This caused differing tensions in the several land quality groups which we solved with minor corrections to the price supplement system. We are also taking a few concrete steps to improve the situation of unfavorable regions which are strictly interdependent with the unique aspects of agricultural production.

Further steps will be taken to create competition neutrality in income regulation for the industrial, construction industry and service activities of the large agricultural operations; this justifies moderating or increasing the production tax in a few areas. Overall the measures will reduce the production tax.

[Question] The scope of the new regulators in agriculture is also a self-criticism of financial regulation.

[Answer] The combined appearance of the tensions which have developed in agriculture and the narrower resources and the requirements of the national economic plan justified our planning the things listed in regard to agricultural production. Whether or not this is self-criticism is a matter of judgment. It is our evaluation that in recent years the possibilities justified the earlier regulator magnitudes while the present situation and tasks support those forms and magnitudes we are now implementing. In addition, naturally, the enterprises and cooperatives must continue the modernization of their internal organization, to increase their performance, further strengthening the independence, responsibility and interest of the production units. We feel that the new regulators will aid the discovery of the internal reserves of the operations, their competitiveness and--what is perhaps most important--the working spirit.

8984

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HUNGARY

LAW ON DEALING WITH PUBLIC COMPLAINTS CHANGED

Budapest MAGYAR HIRLAP in Hungarian 30 Aug 85 p 5

[Text] Because of the existence of new enterprise leadership forms the Council of Ministers at its session yesterday modified the implementing decree for the law on reports in the public interest, proposals and complaints by citizens. According to this the organ providing state legality supervision must be regarded as the superior organ in the case of those reports which touch on the general leadership of enterprises operating in the new guidance form. The leader of this organ is authorized to suspend from his position a person who does not satisfy his obligation to restore the legal state of affairs in the event of a report or proposal in the general interest.

An earlier Council of Minister's decree rules on what organs can take action in price authority matters, for example against those who gain extra income with unfair prices. The special administrative organs of the executive committees of the capital or county councils exercise first instance price authority jurisdiction in these matters. But it was unclear who was to make the decision in the second instance--in case of an appeal. The Council of Ministers has now decided to refer this to the authority of the National Material and Price Office, which can make a decision taking into consideration the opinion of the branch price authority.

8984

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HUNGARY

CAUSES OF INADEQUATE RAILROAD SERVICE EXAMINED

Budapest NEPSZAVA in Hungarian 7 Sep 85 p 3

[Interview with General Secretary of the Railroad Workers Union Ferenc Koszorus by Jeno Toth: "How Far Can the Chase of the Railroad Workers Be Stretched?"]

[Text] In the 1970's the railroad set a series of records. Year by year it was able to surpass its freight forwarding performances and increase passenger traffic. Later we witnessed an unfortunate decline: the MAV [Hungarian State Railroads] could handle its transportation tasks only at the cost of increasing efforts and nowadays the situation has become so critical that they cannot smoothly transport even the decreasing quantity of merchandise. On 22 August, for example, 96 freight trains were unable to depart because there were no locomotives for them. On 2 August, 240 trains were waiting for locomotives. In the third week of August the railroad was unable to provide 3,238 freight cars that had been ordered, to the shippers. If things continue in this way the railroad may become an obstacle to the national economic growth. The railroad workers try to keep the railroad running with hard work and a lot of overtime. In the last 5 years their number decreased by 10,000 and therefore many railroad workers are forced to make sacrifices for the MAV and for transportation without their vacations and days off, often by spending 300 hours a month in service. But how long can this chase be intensified and is there a way out of the current situation? We discussed this with Ferenc Koszorus, general secretary of the Railroad Workers Union.

[Question] How was it possible for the railroad, which is supposed to provide "the country's blood circulation," to get to such a low point that it cannot even satisfy the decreasing transportation requirements and by this cause problems in the economy from time to time?

[Answer] Significant developments were begun since the mid-1970's in the interest of restoring the railroad. We were able to spend relatively large sums on track reconstruction, locomotive and railroad car purchases and on improving the social care. If this tendency could have continued there would

not be so many complaints now against the railroad. But unfortunately the last 5 years of the national economy have been very difficult and therefore our opportunities which were made rather tight to begin with in the Sixth 5-Year Plan, further decreased as we were moving along. Thus we were unable to continue the development we begun.

[Question] Meaning that the technology became rather obsolete?

[Answer] Exactly. Instead of improving it further deteriorated. To mention some more specific examples, there are now 2,000 kilometers of track which should have been replaced long ago. One-fourth of all passenger and freight cars are over 20 years old. Since 1980 we could hardly place any new cars into service and there are not enough locomotives. Technical equipment of the central points and switching yards is beneath criticism, the organization of cars is slow and difficult.

While in the Fifth 5-Year Plan the state financed about 40 percent of the railroad's investments, it was expected that in the present 5-year plan the railroad's profitability will improve as a result of increasing performances, rate increases and better economic operation. For 2 years--uniquely in the world--self-financing economic operation had to be conducted.

[Question] On top of all this, employment is rapidly decreasing.

[Answer] The railroad's attraction began to fade already in the 1970's, when Gyorgy Moldova wrote as motto of his book report prepared about the railroad that by the mid-1970's only the imbecile and the possessed will stay with the railroad, which insulted many people. But--while recognizing the author's right to exaggerate--rather than getting insulted we should have thanked him because from that book light was already shed on many of our concerns and problems.

So, in the last 5 years there are 10,000 fewer of us. Outsiders easily say to this that there are still 132,000 railroad workers remaining even so, which is true enough but technology did not replace the people. Therefore in certain job areas we call frequented, the manpower of a full shift is missing but we are required to operate continuously. Therefore in the frequented job areas 80-90 hours of overtime per month are common, and more than 1,400 railroad workers regularly spend 300 hours a month in service. On 27 August, for example, in Rakosrendezo which is one of our largest switching yards they only had one-half of the specified train assembly manpower. The switching leader coupled the wagons by himself without a car man, and the blockmen had to supervise two or three times as many tracks as usual. Or I can also mention the 18th of August when 4 passenger trains left the Deli [Southern] rail terminal [in Budapest] in such a way that one person took care of the train manager and ticket examiner tasks on the entire train because there were no conductors.

[Question] In your opinion why can't the railroad keep its people?

[Answer] There are many reasons for it but essentially these can all be traced back to money. In addition the railroad--as a nationwide organization--has to

compete with practically every enterprise for the manpower. And it is particularly difficult to stay in this competition now because of the unfavorable working conditions, larger number of shifts, much overtime, one day of rest per month they can take on the average instead of four, and the deteriorating social care. It is true that year by year we are spending more, last year 2 billion forints, on social improvements but with this we cannot create acceptable [sic] conditions at every place of work on the railroad which covers the entire country. To mention nothing else the quality of workers' dormitories with one or two exceptions is very poor, in some places one cannot even wash his hands, and only one-fourth of the railroad workers can take part in organized feeding at work.

It is said in reply to this that "on the other hand, they earn a lot." Which is true if we look only at how thick the envelope is. The fact is that a large railroad station in the capital city in certain job areas one can earn 10,000 forints even without any special trade knowledge, or even more, and added to this is 20,000 forints a year as special traffic dividend. That is, the earnings are higher in general than in industry. But it must also be considered under what conditions and with how much work--290 to 300 hours a month--they earn this money, and now the situation looks different. Calculated this way the railroad wage is only 60 percent of the average in the socialist sector. This lag is the consequence primarily of under 3 percent wage improvements of last year and of the year before.

[Question] So the railroad's prestige has deteriorated not only in the eyes of the shippers and travellers but also of the workers.

[Answer] Unfortunately. It is no longer the "status" it used to be to be a railroad worker, and the railroad is no longer as reliable as it used to be. The way I used to define it is that we are capable of much more than this but in a series of areas we are producing much more than we in reality are capable of.

[Question] Was the management of the railroad and of the trade union looking at it idly as things were happening or did they do something to halt the deterioration?

[Answer] We did many things to improve the situation but--perhaps I was able to illustrate this--these are larger issues than the railroad's management can solve. The internal measures did not always meet with complete success either. For example, we expected too much from organizational modernization, and it was found time and again that many things move slowly at the railroad even though we also knew it to begin with that they move slowly. The union's opinion is that we still have many internal opportunities. For example we can improve from our own resources: the discipline, traffic organization, we can increase reliability, we can decrease the damage and expenses. This requires dedicated management--and not only at the highest levels--and we also want to win over the workers for this.

It is surprising but we did gain some social achievements which affected the railroad negatively. No matter how strange it is, but among these is the

introduction of the 40-hour work week which is a significant social achievement but, for example, it has changed the weekend travel habits. An excessively long time was needed until the railroad was able to adjust to this. Then this also had a bad effect on weekend freight loading which had been sluggish to begin with, and at the same time it increased the demand for freight cars during the week. Not to mention even that to this very day the railroad has been unable to introduce from its own resources the 40-hour work week and this again does not help our position on the manpower market. Or, to continue last year's fulfillment of the export plans is a cause for joy but it caused many problems that shipments were decreasing toward the end of the year. And one more thing: due to our geographic location all the problems of the neighboring railroads also affect the MAV. That is, some of the accumulated transportation problems were generated at the railroad, but another portion of them were generated elsewhere.

[Question] The union decided at its half-time central management meeting between the two sessions of congress that it will no longer support the compulsory reporting for extra work and the excessive overtime. But the number of compulsory reportings and overtime hours still have not decreased. What is the union's position now?

[Answer] The same as before. We do not support it and we do not agree with it. But this unfortunately does not mean that now all of a sudden it can be eliminated. There is no opportunity to do it. But the increasing opposition and demand of the railroad workers cannot be left out of consideration either, and therefore the conditions for cutting back on the forced reportings and overtime must be created at all costs. And in addition this must be done in such a way that the earnings of the workers should not decrease because of this. We can see only two ways of doing this: with more rational use of the manpower and decreasing overtime the performances and wages be gradually increased. It will be difficult but there is a chance. We are not talking in thin air when we say this, we do also have proposals. For example, that in low traffic volume times the operation must be shut down in the switching yards, or that the recruits from the districts must be hired for jobs in Budapest to begin with if he accepts it, and then he will not have to be forced to report for out-of-town duty in the capital city.

That is, on such a long range one cannot just say that we are counting on the willingness of the railroad workers to make sacrifices. Of course we are counting on it. But those who hire on with the railroad today or stay here are accepting a sacrifice to begin with since they will not always have their weekends off, they can go to work at night, and if things will continue this way they will be unable to drink a glass of wine and soda because even this small amount of alcohol will not leave his system until the next time he has to report to work, that's how little time he will be spending at home.

[Question] What will happen to the railroad if its situation is that bleak?

[Answer] Certain government measures already provide the opportunity to at least halt the deterioration. I am wording it so carefully because this large amount of accumulated tension about which we have talked so far cannot

be eliminated from one day to the next. This year we have already received the opportunity for 7 percent wage improvements which is higher than the national economy average, and it is the resolved intention of the government to also provide this special treatment in the Seventh 5-Year Plan. With this perhaps we can climb back up to our previous wage position. Depending on the opportunities in the national economy, more ample resources will be made available for technological development so that the railroad will be able to implement at least the most necessary investments it needs to carry out its tasks. That is, the government can clearly see the problems the railroad has and it is helping to recover the old prestige. In exchange for this it also naturally has some justified expectations. It demands, among other things, that the equipment be better utilized and a more rational freight organization which our union has also been calling for for a long time. In order for the railroad to gain a more advantageous position on the freight market it will have to improve its reliability and the safety of the merchandise, and it will also have to come up with new services. For example, that it will provide freight pickup and delivery to and from the railroad with its own vehicles, for a fee.

[Question] In such a situation it must not be easy to be preparing for the union's congress which is just around the corner.

[Answer] This is very difficult. We must face it that the membership expected and expects much more from us than we have been able to deliver. And the railroad workers have any expectations to which it is no longer enough to say that this is a just demand. I am convinced that we will have to hit a harsher tone at the congress and will have to state with resolution that this and this must be done. And in addition to this just now on 15 August we were forced into a thankless compromise. The locomotive operators with CSM (i.e. those who serve on freight trains which run with just a locomotive operator and without a train manager) had to have their daily service time of 12 hours increased to 14 hours by modifying the collective contract. This is unquestionably a step backwards and we had to fight a very difficult debate with our group committee of locomotive operators as to why the union would agree to such a solution. Even if our agreement is only for a temporary time period until 31 December. The majority of the locomotive operators does not even accept this measure, not even with the provision that management can make use of these additional two hours only for additional wages paid. And we also made it a condition that the SZB [Trade Union Committee] has the right to reject such a job assignment if it is unjustified. And so that this decision should not be a subjective one we have worked out precisely the criteria of being justified. But we had to agree to it because there are not enough locomotives and this solution according to the railroad's management makes better machine utilization possible.

So it is difficult to prepare for the congress even if our union has revealed all the problems and passed them on to the proper authorities, and measures have already been taken. It cannot be said even maliciously that we did not stand up for the interests of the railroad workers. And it did not depend on us that we have only gotten this far. We have achieved that attention is being paid at all the proper places to the railroad's problems and the SZOT's

[National Council of Trade Unions] secretariat, having become convinced about the untenability of the situation has arrived at the position that it will also represent the case of the railroad workers before higher forums. I am convinced that this help is indispensable since broad cooperation is needed now in order for the railroad to be able to operate at the proper level.

8584

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POLAND

VICE-MINISTER ON WAGE POLICY PLAN 1986-1990

Warsaw RZECZPOSPOLITA in Polish 23 Aug 85 p 1

[PAP interview with Professor Stanisława Borkowska, vice minister of labor, pay and social security; by Romana Kalecka]

[Text] Question: Few people in Poland are satisfied with wage differentials. Do objective figures confirm the view that in Poland these differentials are really distorted?

Answer: Proper wage differentials should reflect the principle of division according to the amount, quality and results of work. In order to appraise the present situation, it is necessary to obtain a model of such relations built on the basis of the application of objective methods of job evaluation. Until we develop such a model, we can only say that wage differentials have changed in Poland in recent years and the change has been for the worse. The disproportionate gap between the wages of those employed in production and those employed in the so-called non-material services (which may sometimes be people of the same trades) may serve as an example. Wage differentials have increased, sometimes without any relationship to the results of work within the productive sphere as well, a classic example of which, is the high growth of wages in construction combined with a drop of productivity in that branch of the economy.

The foundations of the Polish wage system were laid in the 1950s, in the period of the six-year plan, when it was necessary to create new jobs and give preferential treatment in terms of wages to those who determined the industrialization of the country. Therefore we embarked then on a pattern of low wages, with some privileges for selected branches, e.g., mining. Since those times, the socioeconomic goals have changed in a fundamental way but the wage differentials have actually grown bigger. Increasingly often, we come across wages that are inversely proportionate to the level of qualifications. This violates not only the constitutional principle of paying according to work but also clashes with the urgent need to modernize. On top of that, there are disturbing phenomena taking place in enterprises which eagerly raise wages whenever the opportunity presents itself but do not even try to rectify the incorrect proportions.

Question: How can autonomous enterprises be persuaded to do it?

Answer: We propose a widespread introduction of a job valuation method based on an analytical method of awarding points, which should ensure proportional wages in comparable jobs, irrespective of branch alignments. Only on this basis will it be possible to build wage scales and sensible pay allocations. It will be possible to attain this goal when all the enterprises use the same criteria of job evaluation. The enterprises are not obliged to use the methods we propose. However, it is the enterprises themselves that have been pressing us to come up with criteria that would allow them to compare their pay levels with those of others. After all, it is natural that people want to know why some people earn more than others.

Question: What is the essence of this method?

Answer: It was devised by a group of scientists at the request of our ministry. It applies both to production and the non-material sphere, both manual and white-collar jobs. The basic criteria of valuation are the complexity of work (the skill required), responsibility, effort, environmental conditions and inattractiveness of a given job (the latter factor was included because of the special situation on the labor market, where there is a shortage of people willing to take up simple but hard jobs). On the basis of these criteria, some 500 jobs were evaluated in terms of points. This was later used as a basis for model wage differentials, with the simplest and lightest jobs being awarded a wage equivalent to minimum pay. On this foundation, enterprises could already devise their own wage scales.

Question: Who got the largest number of points in your model table?

Answer: According to initial figures, it was a university professor, whose job was found to be the most difficult and deserving of the highest pay. Scientists in general were placed at the top of the list, but managers and the best skilled workers were close behind. Among this group, the skipper of a fishing vessel got the highest number of points, followed by the director of a coalmine, a foreman of a gang of miners and the director of an industrial enterprise. Similarly large numbers of points were scored by miners and pharmacy managers, the former because of the risk to his life, the latter because of responsibility for the lives of others.

Question: Such a mixed company may look nice, but how do we get to the model relations? Where do the less affluent plants get the funds for it and how do we discourage the richer plants from pushing up wages?

Answer: In the next five-year period, the widely criticized FAZ tax is going to be replaced by a tax on excessive growth of wages. Therefore we suggest that in cases where wages are, relatively speaking, too high, the tax should be steeper (which would not mean a total curbing of their growth). On the other hand, in those enterprises in which wages are too low, the tax-free threshold would be higher so they could catch up with what the model tables say. On the whole, however, the scope and speed of this process will depend on the country's economic potential.

Question: The new pay scales are to be built from the bottom up, starting with the minimum wage, but that minimum wage has stayed unchanged for a number of years and is now a fictitious figure as nobody really earns 5,400 zloty a month any longer.

Answer: A completely sensible system would be based on this idea. However, for the last few years it has not been possible to raise the minimum wage because it would have been necessary to raise almost twenty kinds of social benefits at the same time, as these are tied to the level of the minimum wage. This would cost the economy Zl 625 billion over the next 5 years. At present there are plans to raise the minimum wage by stages until it reaches the desired realistic level in relation to the average wage.

It is suggested that already next year the minimum wage should amount to Zl 7,200 a month, which, together with various supplements, would bring us much closer to the wage differentials envisaged by the resolution of the 9th PZPR Congress [the ratio of the minimum to the average and to maximum pay to be 1:2:7--trans. note]. In subsequent years, this relationship would be preserved by annual adjustment of the minimum wage in relation to the growth of the average wage. In Polish conditions, this is an advantageous solution because it will more than offset the growth of the cost of living. However, at the same time it will be necessary to "detach" some benefits from the minimum pay, especially those which do not have to grow automatically every year. Of course this does not mean that these benefits are being withdrawn.

Question: Given the high inflation, shouldn't we have general indexation of wages instead of the indexation of the lowest wages only, which applies to few people?

Answer: We must realize that once the minimum wage is raised to a realistic level, the number of people who receive it will be considerably larger. Besides, general indexing of wages is only attractive on the surface, because once it was introduced, it would turn out to be a factor fueling inflation, in more way than one. A general indexation means an additional source of money reaching the market and also has an anti-motivational effect. This is money that is paid for nothing. This adds to the principal cause of the lack of equilibrium, i.e., the shortage of the goods the people want.

The state should only guarantee an elementary level of subsistence while the rest is up to the people, their vocational activity and, possibly, their unions.

Besides, the whole system we are proposing will be submitted for public consultation. We do not plan any revolutionary changes on such a delicate matter, which requires caution, prudence and small steps. However, it appears that the general assumptions of this concept should meet with approval. After all, we all want the same thing: to pay as much as possible to the excellent specialist and as little as possible to a poor worker.

POLAND

TURNKEY PLANT EXPORT POTENTIAL IMPROVED

Warsaw ZYCIE WARSZAWY in Polish 10 Oct 85 p 2

[Text] Following several years of a slump, there are now the first signs of what may be perhaps a small boom for Polish exports of turnkey plants.

Stanislaw Opallo, chief manager of the Polimex-Cekop foreign trade company, has told our reporter that his company recently signed several major deals, including some with Western firms, as well as making a strong recovery in socialist markets.

The recently increased Foreign Trade Ministry plan targets for exports to the West will not be met, but sales to the West this year are estimated to reach an equivalent of Zl 14.5 billion and to socialist countries more than Zl 35 billion.

Contracts signed this year include one for selling the Soviet Union a sulfuric acid plant, modernizing two such plants in Czechoslovakia and one in Cuba, and large deals for modernizing and expanding some cool stores in Czechoslovakia. China bought a production line for basalt pipe and fittings and several bakeries. Additionally, Polish companies will modernize a timber factory in Greece, a machine-tool production hall in Jordan, and a chemical plant in India.

However, the most spectacular success was scored in West Germany where Poles will again build a sulfuric acid plant after a break of several years. Polimex-Cekop won a major order from Uhde, a leading West German designer of chemical plant, for participation in the construction of a desulfuring appliance and for selling a sulfuric acid production line in West Germany.

The projected plant is a big venture designed to meet new environmental requirements. It will use a new kind of raw material to make sulfuric acid. Up to now manufacturers generally used sulfuric ore or pyrites, but the new project provides for using combustion fumes from the Arzberg power plant which burns lignite imported from nearby Czechoslovakia. At present these fumes, which contain a lot of poisonous substances, contaminate the air in the region, including the world-famous Wagnerian town of Bayreuth.

This is the first appliance of its kind, for the designers hope to achieve a waste-free utilization of all emissions. The section which purifies the emissions of dusts as well as arsenic, mercury and other heavy-metal additions will work as a separate installation preparing the raw material for the proper sulfuric acid plant. Uhde and its West German subcontractors are to supply the designs for the desulfuring and fume-purification appliances. The installation for purifying gases supplied directly to the acid production line is to be designed on a license supplied by the Swedish company Boliden. However, the acid production line itself was designed by Biprokwas of Gliwice and will be built by a company of Nysa.

It should be recalled that Polimex-Cekop had previously won contracts, though smaller ones, for desulfuring and dust-absorbing facilities for power plants in West Germany. But the new deal with Uhde, with which Polimex-Cekop has had commercial deals for a long time now (including joint ventures for building plants in Morocco and Turkey), is the biggest of all so far. The completion of this deal may help Poland greatly expand its export potential in this area, especially since environment-friendly investment projects are now undertaken on large scale elsewhere.

CSO: 2020/18

POLAND

BRIEFS

TRADE OFFICE IN ICELAND--The Poles have now decided to reopen an office with a trade representative from their country. The previous office had closed in 1980, when severe economic problems were experienced in the Polish economy. This report emerged from trade talks held between the Icelanders and Poles on 9 and 10 September. In 1980, there occurred a significant interruption in trade between the two countries, which had been quite considerable in previous years. The main reason for this diminishing of trade was the worsening economic situation in Poland. This is probably why the main exports to Poland in recent years have been fish meal and dried fish. On the other hand, the Poles have sold us mainly timber, steel goods, grain, various ores and -- one must not forget to mention -- Prince Polo, the nice chocolate cookies; no other country except Poland buys as many as we. In the meetings of the trade representatives there was a wide and deep discussion on trade between the countries, with especial emphasis on measures to increase sales of Icelandic goods to Poland by extending credits. [Text] [Reykjavik FRAJLS VERZLUN in Icelandic No 7, 1985 p 8]

CSO: 3626/6

ROMANIA

IMPROVED SERVICES TO POPULATION PLANNED

Bucharest REVISTA ECONOMICA in Romanian No 38, 20 Sep 85 p 12

[Article by Gheorghe Teodorascu: "Consumer Services in the Coming 5-Year Plan"]

[Text] The program on regional socioeconomic development in the 1986-90 period adopted by the Third Congress of People's Councils pays great attention to the contribution of small-scale industry to meeting consumer requirements and services.

Out of the total annual per capita volume of economic activities--80,000 lei--small-scale industry will ensure at least 8,000 lei per capita as a minimum development index. At the same time, the special program regarding consumer services in the 1986-90 5-year plan, adopted by the Third Congress of People's Councils, envisages an increase in the contribution of small-scale industry to consumer services, consumer goods production, and per capita services in the eighth 5-year plan, from about 1,800 lei--the level forecast for 1985--to approximately 4,000 lei. Practically speaking, about half of the volume of small-scale industrial activities will be carried out in the area of services.

Currently, the consumer service network includes over 72,000 units; of those, 50 percent belong to the commodities production, purchase, and marketing cooperative, 30 percent to the artisans cooperative, and about 20 percent to the people's councils.

Within the framework of regional self-management, self-administration, and self-supply, the people's councils have important tasks to fulfill in order to develop the service network in cooperation with major service suppliers. Special attention will be paid to meeting the minimum service requirements in workers towns and centers, where consumer demands are not being fully met, as well as in communes which currently do not provide the minimum number of services established. In order to fulfill the minimum list of services in each urban and rural locality, the people's councils will work out their own programs, together with local service suppliers.

The minimum number of types of services established under the special program regarding consumer services in the 1986-90 5-year plan according to types of localities is given in the following table.

Type of locality	Minimum number of types of services
Rural	
Communes (population over 2,000)	7
Communes (" 3,000-5,000)	17
Communes (" 7,000-10,000)	21
Communes (" 10,000-15,000)	23
Communes (" over 15,000)	32
Urban	
Towns (population up to 20,000)	42
Towns (" 20,000-50,000)	49
Towns (" 50,000-100,000)	63
Towns (" over 100,000)	75

The development of the material basis of services is aimed at both better utilizing existing facilities and performing as many repair operations as possible at the consumer's home, and opening new outlets.

In order to intensively utilize the existing facilities, one unit may provide several related services (sowing, knitting, and embroidery services), while the personnel may be trained to take orders by telephone and to carry them out at the customer's residence.

In order to circulate small-bulk products purchased from the population and to send repairmen to consumer's homes, small-capacity means of transportation will be mass produced. Animal drawn vehicles will be utilized in rural environments in the form of leased equipment, etc. With a view to reducing material and energy consumption, durable commodities will be purchased from the population and partially or completely reutilized. At the same time, those in charge of coordinating materials will separately program in the raw and other materials earmarked for services, in keeping with the tasks established.

As for the opening of new outlets, the ministries and other central bodies, together with the State Planning Committee, will draw up tentative lists of investment projects required to implement the program. Similarly, the people's councils, together with CENTROCOOP [Central Union of Consumer Cooperatives] and UCECOM [Central Union of Artisan Cooperatives] will organize local construction units, which will provide home building and repair services (indoor and outdoor painting, carpentry work, plumbing, electricity, heating, and sewage maintenance).

The volume of services will more than double in the 1986-90 period; the increase will differ according to type of service and servicing units. Thus, maintenance services for electrical and electronic appliances, laundry and dry cleaning services, and home building and repair services will expand by an average annual rate of 19-21 percent. Car and motorcycle service, maintenance, and repairs; clothes and shoes mending; tourism and recreation; post and telecommunications services will expand at an average annual rate of 15-18 percent. A third group of services includes the manufacture to order of clothes, knitwear, and furniture, and this group will expand at an average rate of about 12 percent. The differences in the rate of growth planned for

the three groups reflect, on the one hand, the current situation prevailing in the respective service group, and on the other hand, the dynamics of consumer acquisitions.

Communal and housing administration and transportation services will develop in keeping with the development of housing construction. One of the major provisions of the program is aimed at filling the existing gaps in the development of local services, which appeared because of both traditions and a tendency to dispense with services, and because of difficulties in securing manpower for services such as: house repairs, footwear and clothing manufacture, hair dressing, tanning, and so forth. Thus, by 1990 the minimum level of per capita services is expected to total 3,500 lei, as compared to the average national level of 5,500 lei, including motor and rail transportation services and communal administration (supply of electrical and thermal power, natural gas, water, sewage, and rents). The diversification of the consumer service system will contribute to expanding the range of commodities offered for lease in urban localities, tourist centers, and in rural environments. Also expanded will be agricultural services such as: the production and marketing of 1-day old chicks, cooperative sheep cotes, leasing of animal-drawn vehicles and agricultural equipment, etc.

The volume of tourism and recreation services provided by cooperatives, people's councils, and the Ministry of Tourism will double in the coming 5-year plan, also through the more efficient utilization of existing facilities.

At the same time, efforts will be made to judiciously utilize the labor force and to increase labor productivity, in correlation with the tasks assigned under the program on more markedly increasing labor productivity and improving labor organization and norms. Particular attention will be given to expanding on site professional training and advance training and apprenticeship, including multiple training, for various services.

Another important task in this area is improving the quality of services, fulfilling orders on schedule, strengthening order and discipline, and prevailing upon the service personnel to implement the norms of ethics and equity in their contacts with the consumers. For this purpose, people's councils and service-plan holders will intensify their supervision and guidance, and will at the same time increase the economic efficiency of all service activities, in keeping with the requirements of the new economic-financial mechanism.

The program, which features diversification objectives, increased consumer services, and a better distribution of service outlets, will completely meet the consumers' demands for services, thus implementing the provisions of the program on continuously raising the living standard and the quality of life of all our people in the 1986-90 period.

12782
CSO:2700/9

ROMANIA

ROLE OF MARKET IN PLANNED ECONOMY EXAMINED

Bucharest REVISTA ECONOMICA in Romanian No 38, 20 Sep 85 pp 20-21

[Article by Dr. Traian Lazar: "The Law of Value in the Mechanism of a Socialist Economy"]

[Text] The running of the mechanism of socialist economy and socialist production and reproduction are objectively implemented through the goods-cash system, within the action of the economic laws of a socialist economy, among which an important role is played by the law of value. In his report to the 13th party congress, Comrade Nicolae Ceausescu stressed: "It is also very important to implement the law of value and other objective laws in the socialist system."

The RCP has always attached particular importance to the study, understanding, and conscious implementation of objective economic laws. One of the fundamental theses emphasized in the documents of the 13th party congress deals with the need to thoroughly understand the role of economic laws and to apply their requirements to the specific conditions of Romania's current socioeconomic development.

In the socialist society, the action of objective laws is imposed not through the destructive effects of certain spontaneous mechanisms, but as consciously understood and adopted requirements, which are implemented and realized by people in the results of social production. The economic laws materialize through people's practical and real activities, which in the socialist economy, based on social socialist ownership of the means of production, are planned activities. The single plan of socioeconomic development incorporates the entire process of production of material commodities and reflects all the relations and mutually dependent factors of social production. The plan serves to dynamize, harmonize, direct, and develop all the areas and sectors of the national economy, whereby planning constitutes the conscious and superior mode of application of economic laws--general and specific--in the interests of the society, characteristic of socialism and communism.

The essence of the law of value and of its categories, i.e., of value and price--the basic, concrete expression of value--is the human labor incorporated in products and services. The objective requirement of the law of value is to efficiently spend human labor in the process of social production,

in keeping with the socioeconomic development requirements of the society. The law of value expresses the fusion of certain contradictory elements, which are the value and utilization value of commodities. The contradiction between value and utilization value is inherent to the commodities, commodity production, and the mechanism of the law of value, regardless of the time and place of action of those elements. The fusion of the two aspects of commodities (labor expenditures and utilization, respectively value and utilization value) takes place as an objective process in all economies based on commodity production. In a socialist economy, the essential difference is that this process may, and is actually consciously steered through socioeconomic planning. More specifically, in our socialist economy the price of a product is set by determining costs on the basis of consumption norms and by verifying demand for and acceptance of the respective product as a social utilization value. The acceptance of a product as a utilization value is based on both technical-economic and functional parameters, i.e., on the utilization of the respective product, and on the social labor expenditures it requires. The decisive question regarding the manufacture of a product is whether its utilization justifies the production expenditures incurred. This question is extremely topical now, at the current stage of transition to a new quality in all the areas of activity in our country.

In point of fact, the mechanism of the law of value and of the establishment of value and prices helps fuse the two fundamental aspects and conditions of this mechanism: a) the production expenditures of each product and service must correspond to the consumption norms for past and present labor, and b) the products and services requiring the respective production expenditures must correspond to social demand and needs through their utilization value.

The value and prices--the specific modes of manifestation of the law of value--simultaneously reflect both production conditions, and the final social demand. Sometimes in theory, and also in practice, the question is simplistically asked whether prices should be set on the basis of costs or of utilization values. The answer can only be, on the basis of both factors, taken in their inseparable unity and interdependence. Naturally, no utilization value can be obtained without labor expenditure, but the labor expenditure itself is not recognized by society as being socially necessary unless it materializes in a utilization value corresponding to social demand. This is the sense in which we must interpret the provisions concerning the setting and correlation of prices on the basis of costs and utilization value, as stipulated in the law on prices and tariffs (Law No 19/1971). However, we note that in certain price setting and correlation norms adopted by certain industrial branches, the correlation on the basis of costs is done separately from the correlation on the basis of utilization value, as independent methods that may be applied interchangeably, a fact which sometimes leads to inconsistency, and in some cases, to insufficient economic justification of prices and tariffs. The truth is that the thesis of the unity between value and utilization value in the socialist commodity production has not been substantiated perseveringly enough in theory, either, so as to ensure that prices are precisely justified, in keeping with the opportunities provided by a planned economy.

The study and implementation of the requirements of the law of value in the mechanism of social production leadership and planning necessitates a profound understanding of the social demand for products and services at a given stage of socioeconomic development, and of the existing social labor potential (material and labor resources). This can be achieved in our socialist economy through the single plan of socioeconomic development. Ensuring a permanent accord between resources and social demand for material and intellectual commodities is a complex operation that must take into account a multitude of factors, beginning with the level of socioeconomic development and with production forces and relations. Social demand itself must be understood in relationship to the development of the economy, the productivity of social labor, the real buying power of the working people's incomes, etc.

In a socialist economy, the value and utilization value must be continually balanced against each other by: increasing the volume and quality of production, improving the structural range of commodities and services, raising labor productivity, systematically reducing socially necessary labor expenditure per unit of product, ensuring production and retail price stability, raising the buying power of the working people's incomes and real revenues, stipulating in the plan the necessary ranges and volumes of inexpensive commodities, efficiently adapting production to consumer needs and also to the incomes of all categories of consumers, etc. This is one of the great advantages of a planned socialist economy. However, these advantages do not materialize automatically, of their own accord, but only through the conscious, intensive, and continuous work of all the people, and by organizing, planning, and leading all socioeconomic sectors on the basis of a profound understanding of the objective laws governing the uninterrupted development of our society. "Let us not for a moment forget," our party secretary general, Comrade Nicolae Ceausescu reiterated at the plenum of the Central Committee and the central party aktiv of 24 July, "that the law of contradictions continues to act under socialism, too, that old contradictions persist and new ones emerge. that is why we must thoroughly study all socioeconomic phenomena and consciously endeavor to harmoniously develop all the sectors, to eliminate contradictions, and to achieve the most complete possible accord between production forces and social relations in the general development of the society."

In connection with our topic, we must particularly emphasize that the practical implementation of the requirements of the law of value regarding the unity and complete accord between value and utilization value, and between the consumption of social labor for various activities and the social demand for commodities and services ensures the harmonious, balanced, and continuously ascending development of all the sectors of material production and social activities necessary for the progress of our society.

Of an overwhelming importance is the thesis--translated into practical actions--that the law of value and its categories has a direct effect on the mechanism of a socialist economy, too, that they are not parallel to this mechanism, working from the outside, but from the inside, from the dialectical unity and mutual dependence of all the objective laws and categories of socialist production. The socialist economy constitutes a unified whole, a

complex body governed by the economic laws and categories specific to the system, as well as by the general laws of development of human society.

Practically speaking, the dialectical unity of the action of all economic laws, including the law of value, is achieved within the process of socioeconomic planning and, of course, of the fulfillment of the single national plan. Along this line, one of the essential issues that must be thoroughly studied, is the relationship between the plan and the market, more precisely, of the unity between plan and market.

The market is the economic category that embodies the production relations specific of commodity production, and the mechanism of the establishment and operation of value levers within the field of action of the law of value and of the other objective economic laws. The market category expresses the relations and mutual dependence created between the level and structure of production on the one hand, and the level and structure of demand and of social requirements ~~for~~ products and services, on the other.

With that, however, we have not closed the discussion on the primary importance of the plan or the market. Nevertheless, we believe that any separate study, and particularly any attempt to oppose the plan to the market, does not suit realities.

Our assertion is based on the fact that, if the socialist market represents the entire complex of economic relations between producers and consumers in the conditions of a socialist economy, the regulation of the relations between producers and consumers is done consciously, through socioeconomic planning and through the coordination and supervision of economic activities on the basis of the plan and of other specific mechanisms. Thus, the socialist market is incompatible with a spontaneous regulation of the relations between producers and consumers, but is perfectly compatible with the regulation of these relations within the framework of the single national plan of socioeconomic development. Thus, the socialist market is part and parcel of the single national plan. Taking market dimensions into account is part of the essence of scientifically determined socialist planning. The plan envisages both demand and supply, both the market and prices. It would not be possible to realistically determine the system of value indexes of the plan without also planning the prices through which these indexes are expressed. The prices are primarily an object of planning, and only subsequently a tool for planning and accounting.

Being one of the basic issues of the leadership and planning of our socialist economy, prices cannot be set haphazardly, according to so-called market demand. As Comrade Nicolae Ceausescu stated: "The issue of setting prices, including cost and production prices, and retail prices even more so, cannot be left to chance, arbitrariness, free market, or market demand, as it is called in some countries." ("Romania on the Path of Building the Comprehensively Developed Socialist Society," vol. 14, Bucharest, Political Publishing House, 1977, p 623) In point of fact, in our country prices constitute a special, integral chapter of the single national plan, strictly worked out in keeping with the development of the entire national economy and with the requirements of the current stage of transition to a new quality, of

general increase in the efficiency of economic activities, and finally, of raising the material and intellectual well-being of all the people.

An analysis of the socioeconomic development of socialist Romania clearly highlights the consistency and precision with which our party-state leadership pursued and achieved the integration of price evolution in the provisions of annual and 5-year plans. In accordance with the communiques regarding the fulfillment of the plans, the general index of commodity prices and consumer service tariffs in socialist units was 109.9 percent in 1980, as compared to 1970. In 1981 and 1982 all categories of prices were based on economic principles. As an outcome of that process, the general index of retail prices and consumer service tariffs in socialist units was 131.2 percent in 1982, as compared to 1970. In 1984, the general index of consumer prices was 123.3 percent compared to 1980, and in 1985 it was 101 percent compared to 1984.

In order to offset the necessary increase in prices, the nominal incomes of the working people increased--on the basis of the results obtained in the economy--at a higher rate, thus ensuring further increases in real incomes. Thus, in the 1976-80 5-year plan real wages increased by 29 percent in general, while the current (1981-85) 5-year plan envisages an 8 percent increase.

Price stability is based on economic growth and on the continuous development of the commodity production and of the production of superior utilization commodities. The entire price policy of our party and state is mapped out and implemented in close connection with the socioeconomic development of the country; the real price situation is determined by the systematical reduction of the consumption of raw and other materials and of labor force, and by the increase in labor productivity and in the volume and quality of commodity production.

The objective basis for the unity of the socioeconomic processes and phenomena and of the action of the law of value and of the other economic laws, is the socialist ownership of the means of production, and the all-encompassing relations of socialist production in our society.

Just as the socialist production relations are all-encompassing, so the single national plan is, must be, all-encompassing, and must incorporate and blend all the sectors of activity of the national economy and all the processes of socioeconomic development. The issue is not leaving certain sectors or activities outside the range of the plan and of planning, but realistically, correctly, and scientifically reflecting in the plan the requirements of the socialist market and of the law of value, by which is meant the resources and needs of the national economy. Naturally, a judicious gradation is also necessary, in keeping with the requirements of the respective stage, among the plan indexes envisaged for the various enterprises, industrial plants, departments, ministries, and the single national plan of the national economy.

Referring to certain discussions and theses still circulating, particularly abroad, about foregoing the planned management of the socioeconomic development, Comrade Nicolae Ceausescu stated in his report to the 13th party congress: "Let us always keep in mind the fact that we must not in any way

slacken the uniform leadership of socioeconomic activities on the basis of the single plan--which must combine the interests of each unit and each collective of working people with the general interests of our socialist society and of all our people. Were we to renounce the principle of management based on the single plan of socioeconomic development, activities would inevitably be thrown into disarray and contradictions would emerge, with serious repercussions for building a socialist society, developing the fatherland, and raising the people's material and intellectual living standard."

The requirements of the law of value and of the market--in a socialist economy--do not contradict the requirements of planning and of the plan, but combine with them to form a unified whole, thus ensuring the conditions necessary for the uninterrupted and balanced development of the socialist economy.

By understanding economic processes and phenomena and the laws of development in all their mutual dependence and interaction and in their dialectical unity, we can take specific actions to ensure the uninterrupted, harmonious, and balanced development of the society. The objective law of value, through its essence and functions, requires precisely the achievement of the necessary balance and dialectical unity in the economy, proceeding from the material and human resources, the social demand for products and services, and the division and productivity of social labor.

The profound understanding, on the basis of a scientific analysis, of the action of economic laws and of their objective character, and the implementation of their requirements in the specific conditions prevailing in our country, have conferred and continue to confer realism and dynamics to the socioeconomic development of socialist Romania.

12782

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7 November 1985

ROMANIA

ECONOMIC RELATIONS WITH WEST GERMANY REVIEWED

Bucharest REVISTA ECONOMICA in Romanian No 38, 20 Sep 85 p 28

[Interview with Harald Dotze, chief editor of the Hamburg publication OST-WEST COMMERZ, by Dinu Dragomirescu; date and place not specified]

[Text] [Question] As chief editor of a publication dealing with East-West economic relations, how do you view the recent developments in and the prospects of Romanian-West German commercial exchanges?

[Answer] In my opinion, Romania is an important partner in the international division of labor. The Romanian economy has been continuously developing in the past decades and its level makes Romania an interesting cooperation partner for West German enterprises. In the past 40 years Romania has developed industrial sectors that had been nonexistent in the past, and that have attained a noteworthy level in the meantime. I visited Bucharest many times, on the occasion of international fairs, and was thus in a position to see that in recent years Romania's offer has not only become more extensive, but particularly has improved in quality. Here I want to mention its machine-building products, particularly electronics, and the fact that qualitatively, these products are comparable with those manufactured in other countries, including various western industrialized states.

Within a relatively short period of time Romania has reduced its foreign financial difficulties. In the next few years these problems will be completely solved. This means that Romania would have succeeded in repaying its loans in a short period of time, something that no other country in the world has managed to do as fast. This verifies the fact that the Romanian economy, in its entirety, has a considerable potential. A weak industry and economy would not have permitted such a performance, in such a short time. No one had expected Romania to overcome so quickly difficulties produced not of its fault, but particularly by events in the world economy (stagnating international trade, increased price of raw materials, very high rates of interest, etc.), which have caused difficulties to many countries.

In the first part of 1985, Romania succeeded in once again increasing its exports to the West German market. This shows that the Romanian products are in demand in the West German market, and also that West German circles want to import these products from Romania. It also reflects the fact that the number

of enterprises engaging in countertrade with Romania has increased, although this form of trade may pose certain problems for medium-size firms. Large enterprises can handle this with greater ease, because they have more means of selling these commodities in other markets through their own outlets, and also because of their own demand.

[Question] What can you tell us about mutual cooperation in third markets?

[Answer] In the past, many West German firms were in a position to penetrate in third markets precisely because Romania, like other socialist countries, already had good contacts there and involved West German suppliers within the framework of its relations. Unfortunately, in the past this practice was very unilateral, in the sense that in the majority of cases, such cooperation contracts in third markets were concluded when Romanian enterprises, or enterprises from other socialist countries, took the initiative and entered into association with West German partners. The reverse situation would also be desirable, namely that West German firms should also involve Romanian and other socialist enterprises capable of delivering many components and installations. Only when both sides make continuous efforts to include the partner in such contracts, can the opportunities offered by cooperation in third markets be fully utilized. One of the reasons that this does not always happen is that the information available on the potential of their economies is not sufficiently comprehensive. Many West German firms are unaware of the opportunities offered by the Romanian economy, do not participate regularly, or at all, in the Bucharest International Fair, and for that reason are not well informed. In this respect, our publication, OST-WEST COMMERZ, has for many years endeavored to facilitate mutual information among those interested in commerce and cooperation opportunities, in third markets, too.

[Question] What impressions did you form on your visit to the Danube-Black Sea Canal?

[Answer] On my current visit to Romania I had an opportunity to visit the Danube-Black Sea Canal and the new port of South Constanta. I must say that I had heard a lot about this canal and I had seen pictures, but I was greatly impressed to see for myself this enormous project, completed in only 8 years. It is a new, 400 km shorter, navigational waterway to the Black Sea ports, which will be useful not only for the Romanian economy, but also for that of other states, including the FRG.

I was particularly impressed by the fact that the canal was built by Romania's own forces, with its own machinery and equipment. Thus, the canal offers an additional proof of the great performances of which the Romanian economy is capable.

[Question] In your view, what are the development prospects of East-West economic relations in general?

[Answer] Since it acquired a relevant scope, East-West trade in general has shown a tendency to increase continuously, even if not at a steady rate, and although at times it even regressed. The reason that some hopes have perhaps

not materialized is, primarily, that the economic potential of the two sides have by far not been exhausted. In other words, East-West trade could register a far greater volume than is currently the case. It is true that a number of factors have been unfavorable to increasing the volume of East-West exchanges. I want to recall the fact that in recent years some western countries have again taken embargo measures.

It is clear that all countries have military products that cannot make the object of trade. But recently the western list of such products has been lengthened without valid reason; for example, various microelectronic products have been added to the list. On the basis of my talks with West German economic circles I can state that they disapproved of these measures and view them as a disruptive factor in East-West economic relations. This is one of the elements that should be eliminated in the future. Another problem is that certain products from socialist countries do not enjoy a free access to western markets, including the FRG. True, some progress has been made in this respect in recent years. The world economy needs a free exchange of commodities.

Those are a few of the reasons for which the East-West commerce has not been extensively developing. Nevertheless, compared to the entire world trade, the rate of growth of East-West trade has been more lively in recent years. I view this as a reason for optimism about the better utilization of the existing potential in the future, in the mutual interests of both sides.

12782

CSO:2700/9

ROMANIA

AMENDED DECREE ON NATIONAL COUNCIL OF WATER MANAGEMENT

Bucharest BULETINUL OFICIAL in Romanian Part I No 42, 26 Aug 85 pp 1-9

[**"State Council Decree No 156/1975 on the Organization and Running of the National Council of Waters, Water Directorates, and Water Management Agencies"**
--Reprint²]

[Text] The State Council of the Socialist Republic of Romania decrees:

Chapter I: General Instructions

Article 1--The National Council of Waters is organized and ran as a central body of state administration; its function is to implement the party-state policy in the area of water and meteorology.

Article 2--According to the law, the National Council of Waters discharges its function as a central coordinating body in its area in relation to all the socialist units subordinated to central or local state bodies, cooperative organizations, and other public organizations.

Article 3--In order to uniformly coordinate water-related activities according to hydrographical basins or groups of basins, the National Council of Waters will have in its subordination water directorates, and regional water, meteorology, and hydrology management bodies, which are budget-holding units with individual legal status.

The water directorates are organized in three size groups, according to the organizational structures and criteria envisaged in Annex No 1². The size group classification is done by the National Council of Waters.

The basic units carrying out water management, meteorological, and hydrological activities are: hydrotechnical systems; meteorological stations; hydrological stations; geological teams; repair and maintenance teams in charge of hydrological and meteorological installations, equipment, and apparatus; study and design teams or workshops; accounting offices; investment, investment supervision, and technical-productive sections.

Article 4--For water management on the territory of counties and of the Bucharest municipality, the water management agencies are organized as local

specialized bodies of state administration subordinated to the executive committees of county people's councils and of the Bucharest municipality, and to the National Council of Waters.

The water management agencies are budget-holding bodies with a distinct legal status financed from the state budget; they may have in their subordination self-financing subunits and activities.

The National Council of Waters and the executive committees of county people's councils and of the Bucharest municipality will provide the necessary conditions for economically organizing all the activities of the water management agencies according to articles 8 and 9 of Decree No 151/1975 concerning self-financed activities carried out by state institutions.

The water management agencies are classified into two size groups, according to the organizational structures and criteria envisaged in Annex No 2nd.

The basic units in charge of water management activities are: water management districts; hydrotechnical systems; hydrochemical and hydrobiological laboratories; repair and maintenance teams for installations and equipment; study and design teams or workshops; technical-productive and functional sections, organized according to the structural norms affecting regional water management, meteorological, and hydrological activities.

Article 5--The National Council of Waters leads, guides, and supervises the units subordinated to it, and, as a plan-holding body, is responsible for the fulfillment of the tasks assigned to it under the single national plan of socioeconomic development.

Article 6--The National Council of waters cooperates with the ministries, other central bodies, and regional bodies within the fulfillment of its tasks.

In the discharge of its functions, the National Council of Waters is entitled to request studies, data, and information from the bodies listed in the preceding article, and the latter are obligated by law to provide them.

The water directorates and water management agencies cooperate, within the discharge of their duties, with state and cooperative organizations located in the hydrographical basins or counties for which they are responsible; the latter are obligated to provide data and information as required.

Article 7--The National Council of Waters in its activities implements the party decisions and the laws, decrees, and decisions of the Council of Ministers, and is responsible for evenly planned water management activities and for organizing and carrying out meteorological and hydrological work.

Chapter II: The National Council of Waters

Section 1--Duties

Article 8--The National Council of Waters has the main major duties:

A. Duties Related to Meteorology

- a) to uniformly organize activities such as meteorological and agricultural-meteorological observation and measurement; efficiently circulating the data obtained at national and international level; centralizing, processing, and storing such data;
- b) to organize general and local meteorological studies, analyses, and forecasts for the use of central and local bodies of state administration;
- c) to provide the entire agricultural sector with meteorological data, information, forecasts, and studies;
- d) to organize, together with the Ministry of National Defense, weather protection measures for air traffic;
- e) to organize air radioactivity and pollution measurements;
- f) to regularly inform the higher party-state bodies on weather conditions and developments and to signal possible dangerous meteorological phenomena;
- g) to issue warnings, through its specialized units, about dangerous weather conditions and to regularly report related developments; to ensure that the Institute of Meteorology and Hydrology and the weather network issue reports and warnings according to State Council Decree 155/1975 on protective measures against dangerous weather phenomena;
- h) to coordinate and guide research designed to improve weather forecasts and weather protection measures for air traffic, and to design weather instruments, apparatus, and equipment that can be produced and used domestically;
- i) to ensure the development of the meteorological network and to modernize its equipment.

B. Duties Related to Hydrology and Water Resources

- a) to uniformly organize hydrological, hydrogeological, and water management observations and measurements, so as to be cognizant of surface and underground water resources, their regime, and developments concerning water quality, and to issue hydrological and hydrogeological forecasts;
- b) to organize the issue, centralization, processing, and storing of hydrological, hydrogeological, and water management data obtained by its own units or by units belonging to other ministries and central bodies;
- c) to ensure hydrological and hydrogeological information, forecasts, and studies for the use of state administration central and local bodies, planning units, and interested economic units;
- d) to coordinate and guide research into the occurrence, evolution, and distribution of hydrological and hydrogeological phenomena throughout the

country, with a view to improving the quality of hydrological and hydrogeological forecasts, and designing hydrometric apparatus and installations that can be domestically produced and used;

e) to develop and modernize the hydrological and hydrogeological networks;

f) to issue technical norms in the area of hydrology and hydrogeology.

C. Duties Related to Water Works and Utilization

a) to issue studies as basis for establishing policies and basic guidelines in the area of waters;

b) to prepare and periodically update skeleton programs for the amelioration of hydrographical basins, and, in correlation with socioeconomic development plan, to establish specific programs for the development and protection of the national resources and for preempting water-caused destruction; to ensure conceptual uniformity in the fulfillment of amelioration projects, by using permanent teams of experts from planning organizations for each hydrographical basin, under the management of a project chief;

c) to issue, in cooperation with the State Planning Committee, draft annual and 5-year national plans of socioeconomic development for the amelioration of waterways and for water quality protection; for this purpose, together with the State Planning Committee and in cooperation with plan-holders in charge of such operations, it will coordinate the latter's project proposals with the operations indicated by its own studies, with a view to meeting the requirements of other ministries, central bodies, and executive committees of county people's councils and of the Bucharest municipality;

d) to ensure and be responsible for developing the amelioration of waterways and to utilize and protect the quality of water resources so as to continuously satisfy the requirements of socioeconomic development;

e) to ensure and coordinate the uniformly planned construction of dams and reservoirs and of deviation canals and tunnels between waterways, and waterway damming and regulation projects;

f) to discharge its duties as an investment plan holder and to provide research, studies, plans, execution, administration, exploitation, and maintenance for:

--dams and reservoirs, deviation canals and tunnels between waterways, with the exception of projects designed mainly for the production of hydropower and for navigation, which remain, according to case, in the charge of the Ministry of Electrical Energy and the Ministry of Transportation and Telecommunications, as well as of small, local reservoirs designed for agricultural, fishery, and recreation purposes or for the attenuation of torrents spilling into drainage systems;

--flood dikes for the protection of population centers and agricultural land, with the exception of the administration, exploitation, and maintenance of

agricultural protection dams provided by the Ministry of Agriculture and Food Industry under the supervision and guidance of water management agencies;

--waterway regulation and shore consolidation, with the exception of the regulation of river beds located upstream from dams, up to the first major tributary, which remain in the charge of the dam administration body;

g) to coordinate, within each hydrographical basin, the exploitation of all reservoirs and deviation canals between waterways;

h) according to the law, to ensure and be responsible for preserving the transportation capacity of riverbeds, and for the current maintenance of their minor channels;

i) to coordinate, guide, and supervise the conservation, amelioration, and utilization of surface and underground water resources;

j) to issue water consumption norms, in consultation with the ministries and other interested central bodies, and technical water management regulations;

k) to organize and update the general waters cadastre and records on water utilization rights.

D. Duties Related to the Protection of Water Quality

a) to coordinate, guide, and supervise the quality of surface and underground water resources, and of national navigation waterways and territorial waters;

b) to issue quality norms for recycled water, in consultation with the ministries and other interested central bodies, and technical regulations concerning water quality preservation;

c) to study technological purification systems for water derived from population centers, and to cooperate with the Ministry of Chemical Industry in researching technological purification systems for industrial waters;

d) to issue, in cooperation with interested central and local bodies, programs to build or expand water purification stations for population centers and for units that either do not have such facilities or have insufficient purification facilities;

e) to issue, in cooperation with the Ministry of Machine-Building Industry, the Committee for People's Councils Problems, and the other interested central bodies, programs to manufacture the equipment and installations required for water purification stations;

f) to establish, according to the water law, supervisory committees for the water quality of waterways, lakes, or sea shore areas that require special measures to prevent and combat pollution, and to appoint the members of such commissions, with the agreement of the interested central and local bodies.

E. Duties Related to Flood Protection

- a) to initiate, organize, and coordinate flood prevention measures for the entire country;
- b) to approve flood protection plans for the counties and the Bucharest municipality, and to supervise the measures taken to implement them;
- c) to organize the warning system against dangerous hydrometeorological factors that may cause floods;
- d) to inform the higher party-state leadership bodies of dangerous hydrometeorological factors that may cause floods, and of their evolution and effects;
- e) to guide and support, through the Central Commission of Flood Protection, the activities carried out by county commissions to defend against floods and dangerous weather conditions, and according to case, to establish compulsory operational measures for those commissions during flooding periods.

F. General Duties

- a) to issue water management agreements in the cases stipulated by law;
- b) to ensure that the state bodies and organizations, cooperative organizations, and other legal entities, and all the citizens, observe the legal provisions concerning waters;
- c) to organize activities related to technical information and documentation, publish specialized publications and studies, and initiate propaganda actions on the preservation, rational utilization, and saving of water resources, on preserving water quality, and on preempting destructive water action;
- d) to maintain relations of cooperation and collaboration with similar bodies in other countries and with international organizations; to implement hydrotechnical conventions and agreements concerning the waterways that constitute or cross the state border, and other relevant international conventions to which the Socialist Republic of Romania is a party;
- e) to be responsible for the judicious utilization of the economic and financial means allocated, for which purpose it will:
 - establish annual and long-term plans on the basis of its own studies and studies issued by subordinated units;
 - allocates tasks and indexes from the single national plan of socioeconomic development and from the state budget to the units subordinated to it;
 - determines the circulating capital required by its subordinated units and furnishes them with such capital, in accordance with legal provisions;

--supervises and is responsible for the fulfillment of the indexes assigned to it under the single national plan of socioeconomic development and the state budget, and periodically reports to the Council of Ministers;

--examines the balance sheets and reports periodically submitted by its subordinated units and prepares those concerning the activities of the entire council;

--draws up and implements a plan of incomes and expenditures for the central administration and for its subordinated budget units;

f) to coordinate and guide research and design activities in the subordinated units, and to furnish the latter with the necessary technical-material means; to pursue and utilize the results of scientific research; to ensure the introduction of technical, scientific, and economic progress in subordinated units;

g) to guide and coordinate the organization of production and work in the subordinated units; to organize the establishment, implementation, and supervision of labor norms and regulations for all categories of personnel in its sector of activity; to organize the establishment of uniform work norms and regulations throughout the economy for projects initiated by it;

h) to ensure the implementation of the party-state personnel policy, for which purpose it will:

--establish equal criteria for selecting, training, advance training, and promoting personnel in the central administration and in the subordinated units;

--establish long-term personnel requirements for the subordinated units, and take measures to train the personnel;

--organize and ensure advance professional training for the personnel;

--hires personnel for its own apparatus; appoints the managerial bodies of its subordinated units; ensures the uniform implementation of the remuneration system in its units, and supervises their application; establishes general measures to continuously improve the working and living conditions of the personnel;

i) to establish, according to the law, labor protection measures, and to take every necessary measure to provide the best possible working conditions and to prevent working accidents and work-related diseases in its subordinated units;

j) to submit to the Council of Ministers draft bills and other legally envisaged acts concerning water related activities; to advise on draft bills and other documents concerning its area of activity issued by ministries and other central bodies;

k) to fulfill any other duty envisaged by the law.

Section 2: Organization and Operation

Article 9--The activities of the National Council of Waters is directly coordinated by one of the deputy prime ministers of the government.

Article 10--The National Council of Waters is led by a managerial council, which decides on general matters concerning its activities; collective operational management and the implementation of the decisions of the managerial council are ensured by its executive bureau.

The management council and the executive bureau, which are decision-making bodies, are organized and run according to Decree No 76/1973 concerning the management of ministries and other central bodies of the state administration on the basis of the principle of collective leadership.

Article 11--The National Council of Waters is led by a chairman and two vice chairmen.

The chairman of the National Council of Waters is a member of the Council of Ministers and is appointed by presidential decree.

The deputy chairmen of the National Council of Waters are appointed by presidential decree and their duties are established by the managerial council of the National Council of Waters.

Article 12--The chairman represents the National Council of Waters in its relations with the other state bodies and organizations in the country and in international relations, and speaks for the National Council of Waters in relation to legal entities and individuals; for this purpose, he can also delegate functions to other members of the council leadership.

Article 13--Within the implementation of the decisions of the managerial council and the executive bureau, and in the exercise of his own duties, the chairman of the National Council of Waters is legally empowered to issue orders, instructions, and other acts envisaged by the law.

Article 14--The chairman informs the managerial council of the National Council of Waters on the major matters dealt with in between meetings.

Article 15--According to Decree No 78/1973 on the organization and operation of technical-economic councils and commissions, the National Council of Waters incorporates a technical-economic council, which is a working body operating in parallel to the bodies of collective leadership.

Article 16--The National Council of Waters has the following organizational structure:

- a) the planning directorate for waters amelioration and utilization;
- b) the directorate in charge of hydrotechnical works and waterways maintenance;

- c) the investment directorate;
- d) the state inspectorate for waters;
- e) the financial planning and supply directorate.

The state inspectorate for waters carries out activities pertaining to organization, supervision, regulations, labor remuneration, personnel, and education; the directorate in charge of hydrotechnical works and waterways maintenance carries out activities pertaining to foreign relations, border waters, and the waters cadastre.

The planning directorate for waters amelioration and utilization also serves as a technical directorate.

The organizational structure from the viewpoint of working sections and maximum number of jobs in the apparatus of the National Council of Waters are envisaged in Annex no 3⁰⁰ and 4⁰⁰.

Article 17--A central commission in charge of anti-flooding protection and a central commission in charge of the supervision of hydrotechnical works are attached to the National Council of Waters. Each of these commissions has a permanent technical secretariat, whose jobs are included in the number of jobs approved for the National Council of Waters.

Article 18--Subordinated to the National Council of Waters are water directorates according to hydrographical basins, water management agencies, institutes of research, study, and design, a construction-assembly trust, facilities for dredging riverbeds, specialized highschools, and an office of documentary information for hydrotechnology.

Article 19--The duties and operation of the units envisaged under article 16 are established by the managerial council of the National Council of Waters, according to legal provisions.

Chapter III

Water Directorates

Article 20--The water directorates are directly in charge of the uniform administration of the waters in the respective hydrographical basin or group of basins; they are responsible for knowing the meteorological and hydrological conditions of the entire basin or group of basins, for issuing warnings against floods and dangerous weather conditions, for judiciously utilizing and developing water amelioration projects, and for guiding, regulating, and supervising the utilization and protection of waters.

Article 21--The water directorates have the following major duties in their respective hydrographical basins or groups of basins:

- a) to prepare proposals for correlated amelioration projects for each hydrographical basin, with a view to meeting water requirements, preserving

water quality, and preventing the destructive action of waters, which they submit to the National Council of Waters for the periodical updating of skeleton programs for the amelioration of the basin and for the preparation of annual and 5-year plans;

b) to issue detailed studies of skeleton programs for the amelioration of hydrographical basins, and plans for riverbed regulation and dikes, for hydrotechnical works and measurement of incoming and outflowing water volumes, and for developing the material resources of their own activities, such as hydrometric facilities, hydrogeological drilling, and weather and hydrological stations;

c) to manage, exploit, and maintain dams, reservoirs, and deviation canals between waterways that have an impact on the entire hydrographical basin or group of basins, and provide security arrangements for these objectives, with the exception of dams, reservoirs, and deviation canals mainly used for the production of hydroelectric power and navigation;

d) to coordinate, supervise, and be responsible for the exploitation of all dams, reservoirs, and deviation canals from the aspect of water management; according to the law, they issue compulsory operational measures concerning exploitation during critical periods of either high waters and flooding danger, or draught and water scarcity;

e) to immediately alert water management agencies and the National Council of Waters about dangerous hydrometeorological occurrences that can cause floods or other serious situations, and about accidental pollution; to alert county commissions in charge of flood and dangerous weather protection about the possible occurrence and evolution of such conditions;

f) to prepare and update contingency plans in case of flooding, and coordinate technical operations along this line for the entire hydrographical basin;

g) to exercise their obligations as receivers of investment projects in their area of activity, on the basis of general amelioration programs of hydrographical basins, and to facilitate and pursue the completion of such projects;

h) to carry out comprehensive hydrological, hydrogeological, and meteorological observations and measures, for the purpose of familiarization with water sources and their regime, weather conditions, climatic characteristics, and air pollution; to send the data obtained to the Institute of Meteorology and Hydrology; to prepare hydrological, hydrogeological, and meteorological reports and hydrological forecasts for the use of local bodies, water management agencies, and other interested bodies; activities related to meteorology, hydrology, and hydrogeology are guided and coordinated from a scientific and methodological viewpoint by the Institute of Meteorology and Hydrology;

i) to prepare, in cooperation with research and design institutes subordinated to the National Council of Waters, periodical studies on quantitative and qualitative water management in each hydrographical basin;

j) to prepare, on the basis of the separate data sent by water management agencies, annual cadastral reports on the waters of each hydrographical basin, and furnish such reports to interested units;

k) to coordinate and supervise the utilization of waters in each hydrographical basin; concerning the operation of units that can influence the quantity or quality of water in the entire hydrographical basin, to supervise the manner in which water is drawn and utilized, the evacuation of effluent waters, and the exploitation and efficiency of water purification stations, and to establish compulsory measures to improve situations found to be unsatisfactory;

l) to prepare, in accordance with the law, plans for temporary utilization restrictions for l.w. waterways shared by several counties, and to supervise the implementation of such plans;

m) in cooperation with the water management agencies and other interested units, to monitor changes in water quality for entire hydrographical basins and to take measures to improve it;

n) to organize a warning system in the case of accidental water pollution, and to cooperate with the units involved with a view to taking and implementing the necessary operational measures to eliminate the causes and effects of such pollution;

o) to manage and be responsible for the activities of water quality monitoring commissions in charge of waterways, lakes, or sea shore areas necessitating special measures to prevent and combat pollution;

p) to coordinate the utilization of installations for measuring the volume of incoming and outflowing water at units that use water or discharge effluent water; to provide technical assistance for planning, building, and balancing such installations, establish the conditions in which observations and measurements are carried out, and to centralize and process the results obtained;

q) to issue, within the limits of their competence, water management accords and permits to utilize water, to discharge effluent waters, to extract materials from riverbeds, waterway banks, lakes, or the sea, and to utilize projects built on water or in connection with water;

r) to keep and update records of water utilization rights;

s) to delimitate the waterway valleys, depressions, and hydrotechnical systems that constitute or cross state borders, and the tasks devolving from the implementation of hydrotechnical border conventions and agreements; to coordinate and monitor the implementation of tasks established under such conventions and agreements for other units involving water-related activities;

t) to coordinate and guide the specialized technical activities carried out by water management agencies;

u) to monitor water quality in the hydrochemical and hydrobiological laboratories of water management agencies belonging to the respective hydrographical basin or group of basins.

Article 22--The title, headquarters, and basin or group of hydrographical basins for which the water directorates are organized are specified in Annex No 5.

The management of the waters of the Danube and of the Dobruja area, including the Romanian shore of the Black Sea, is directly coordinated by the National Council of Waters.

Article 23--The water directorates are managed by a council of working people and its executive bureau, which are organized and run according to the legal regulations concerning the management of socialist units.

Article 24--The duties and remuneration of the personnel employed by water directorates are established by the regulations in force for industrial enterprises belonging to grades I and II and to branch group IV.

Chapter IV -- Water Management Agencies

Article 25--The water management agencies are responsible for systematically supervising the hydrographical network, water utilization, and the evacuation of waste waters, and for the routine maintenance of minor riverbeds; they carry out, exploit, and maintain local waterway amelioration projects, and organize the technical aspects of flood protection activities.

Article 26--The water management agencies have the following major duties:

a) to directly administrate minor waterway beds, natural lakes and ponds, and, according to case, the beds of interior maritime waters and territorial sea; they also advise on land utilization in major waterway basins;

b) to directly manage and exercise the functions of investment customers for all local projects such as reservoirs and dams, flood dikes, waterway regulation, bank consolidation, and other hydrotechnical works, with the exception of those designated for agricultural, fishery, and recreation purposes, or those designed to attenuate torrents flowing into drainage systems; they plan, exploit, maintain, and provide security services for such projects;

c) to systematically monitor the hydrographical network with a view to spotting and immediately correcting any deterioration of waterway beds and banks, collecting the necessary data for updating the water cadastre and enforcing the legal water norms;

d) to preserve the transportation capacity of waterways by carrying out maintenance work on minor beds and lake and pond basins; to coordinate, according to the law, other riverbed maintenance work and provide technical assistance for citizens' volunteer work;

e) to ensure the secretariat of county commissions in charge of flood protection and the effects of dangerous weather conditions, and to provide them with effective technical assistance; the agencies are responsible for the technical measures they recommend to the commissions;

f) to alert, on the basis of warnings received from water directorates, the local bodies and interested units about dangerous hydrometeorological conditions that may produce floods or other serious damage; to alert local bodies and units that may be affected, and to inform the interested water directorates and the National Council of Waters on other critical situations that may arise on waterways, such as water shortage, accidental pollution, or other serious water management situations; to cooperate with the interested units in establishing and implementing operative measures as required;

g) to furnish water directorates with raw and processed data concerning qualitative and quantitative water management;

h) to supervise the manner in which water is derived, utilized, purified, and evacuated, and, together with the units involved, to establish compulsory measures to preclude water waste and pollution; to systematically monitor the impact of pollution factors on the quality of waters in their county, and to take measures to correct unsatisfactory conditions;

i) to work out, according to the law, temporary water utilization restrictions for deficient waterways that do not exceed the county boundaries, and to supervise the implementation of such restrictions;

j) within the limits of their competence, to release water management accords and authorizations for water utilization and for the evacuation of effluent waters, for the extraction of materials from waterway beds and banks and from lakes and the sea, and for projects built on or in connection with waters;

k) to work out proposals concerning local projects for flood protection, water utilization, and water quality preservation.

Article 27--The water management activities of the water management agencies are guided, coordinated, and supervised by the National Council of Waters, while local water management actions are supervised by the executive committees of county people's councils and of the Bucharest municipality.

Article 28--The regulations concerning the organization and running of water management agencies are established, according to the law, by the National Council of Waters with the endorsement of the executive committees of the county people's councils and of the Bucharest municipality.

Article 29--The executive committees of county people's councils and of the Bucharest municipality appoint, transfer, assign, and terminate the work contracts of the managerial personnel of water management agencies, with the endorsement of the National Council of Waters.

Article 30--The material and financial resources required for the activities of the water management agencies are calculated into the economic plan and income and expenditure budget of the National Council of Waters.

Chapter V -- Temporary and Final Regulations

Article 31--The water directorates are organized with a view to handling, together with the related personnel, the activities envisaged in Annex No 6.^o

The water directorates will take over the direct administration of all the projects that fall under the duties listed under Article 21c from the units currently in charge of the projects.

Article 32--The water management agencies will take over from the land amelioration and agricultural building planning offices all the activities concerning the investment, planning, execution, exploitation, and maintenance of the projects listed under Article 26b.

Article 33--The following units will be transferred from the Ministry of Agriculture and Food Industry to the National Council of Waters on the date of the present decree:

- a) the Institute of Meteorology and Hydrology located in Bucharest;
- b) the Institute of Water Management Research and Planning located in Bucharest;
- c) the Enterprise for Special Hydrotechnical Works located in Bucharest;
- d) the Land Amelioration Trust located in the Oradea municipality;
- e) the Stinca enterprise located in the Iasi municipality;
- f) the magazine HIDROTEHNICA.

Article 34--The Institute of Water Management Research and Planning will take over from the Land Amelioration Research Institute and from the Land Amelioration Study and Research Institute, subordinated to the Ministry of Agriculture and Food Industry, the sections and activities listed under Annex No 7^o. After the takeover, the latter institutes will be reorganized according to the legal regulations in effect.

Article 35--The Enterprise for Special Hydrotechnical Works of Bucharest will be reorganized and renamed the Bucharest Trust for Special Hydrotechnical Works, and will take over the activities of the Oradea Land Amelioration Trust, which will cease to exist; it will also take over the building of dams, reservoirs, deviation canals and tunnels between waterways, flood protection dikes, and riverbed regulation and bank consolidation projects from the other land amelioration construction trusts and from the Bucharest Drilling Enterprise, which are subordinated to the Land Amelioration and Agricultural Building Department of the Ministry of Agriculture and Food Industry.

The Trust for Special Hydrotechnical Works is a special construction-assembly unit that may institute the positions of chief engineer and economist I and II, within the limits stipulated for centrals under Article 27 (3) of Law No 57/1974 concerning remuneration according to the quantity and quality of work. The organizational structure of the Trust for Special Hydrotechnical Works is envisaged in Annex No 8*.

Article 36--The takeover of the units and activities envisaged under Articles 31, 32, 33, 34, and 35 will include the assets and liens, plan indexes, current economic contracts, archives, premises, laboratories, service workshops, repair facilities, equipment, specialized personnel, and the percentage share of the personnel of the economic-administrative sections related to the activities that are taken over as of 1 January 1976.

The personnel taken over according to the preceding paragraph will be considered as transferred in the line of work.

Article 37--The number of personnel that is to be taken over from county water management agencies and from regional meteorology and hydrology sections to make up the water directorates, is envisaged in Annex No 9*.

In order to handle the new activities taken over by the water directorates and water management agencies according to the present decree, and in order to permit other activities to meet requirements, the number of personnel of those units will be supplemented from the labor resources of the Council of Minister, according to Annex No 10*.

Article 38--The buildings envisaged under Annex 11*, previously built as premises, laboratories, repair and maintenance facilities, and administrative offices for water management units currently managed by other state units, will be transferred to the direct management and utilization of the units envisaged in the same annex, according to regulations. In the buildings newly transferred to their administration, the water directorates will allocate the necessary premises for the water management agencies located in the same locality.

The executive committees of county people's councils will provide appropriate premises and administrative offices for the water directorates that do not have their own buildings.

Article 39--The State Planning Committee and the Ministry of Finance are authorized to make the modifications required by the implementation of the present decree in the economic and financial plans for 1976 and for the 1976-80 period of certain central bodies and county people's councils, on the basis of the protocols signed between the latter and the National Council of Waters.

Article 40--The National Council of Waters, together with the executive committees of county people's councils and of the Bucharest municipality will organize--in a gradual manner by 1980--the current maintenance of minor waterway beds, by establishing water management districts organized according to waterways of 50 km. or longer, as permanent work teams.

For this purpose, the National Council of Waters will ensure the necessary technical equipment, through provisions in the single annual national plans of socioeconomic development, and will train specialized cadres in its own schools, while the executive committees of county people's councils and the Bucharest municipality will include the necessary manpower, materials, and financial resources in the annual single plans of socioeconomic development.

The National Council of Waters, together with the executive committees of county people's councils and of the Bucharest municipality will gradually finalize by 1986 the current maintenance activities for minor waterway beds, by establishing water management districts, within the framework of the personnel annually allocated through the single national plan of socioeconomic development.

Article 41--The duties of the National Council of Waters, the water directorates, and the water management agencies envisaged in Articles 8, 21, and 26 also apply, according to the provisions of the waters law, to mineral and thermal waters, and to therapeutical lakes and muds.

Article 42--The work schedule of the personnel in charge of continuously monitoring and reporting weather and water conditions will be organized around the clock. The units, subunits, stations, and sections working round the clock, and their mode of organization, will be established by the Council of Ministers.

Article 43--The expenditures involved in meteorological, hydrological, hydrogeological, and air radioactivity measurements and data processing, in circulating and interpreting such data, in providing daily data, analyses, and forecasts, in exchanges of information, and in other activities of a general hydrometeorological interest carried out by the Institute of Meteorology and Hydrology, will be included in the expenditure plan of the National Council of Waters and financed from the state budget.

For the operations listed in the preceding paragraph, the profit share envisaged in the contracts signed with the National Council of Waters is of 1.5 percent. For the other operations the profit share will be calculated according to the regulations in effect.

The Institute of Meteorology and Hydrology will be awarded bank credits until the date of payment for services rendered.

Article 44--As a departure from the provisions of point III/1 of Annex No 1 to Decree 620/1973, vehicles belonging to the water directorates may be utilized for professional purposes throughout the territory of the hydrographic basin or group of basins for which the directorates are responsible.

The "National Council of Waters" will be added to point 1, "Positions entitled to a maximum of 400 liters of gasoline monthly," position 3 of Annex No 1/A of Decree No 620/1973.

Article 45--The uniform structural norms envisaged in Annex No 12* for regional water management, meteorological, and hydrological activities are

approved as an annex to Article 2 paragraph 2, and Article 20 paragraph 3 of Decree 162/1973 concerning uniform structural norms for economic units.

Article 46--Annexes No 1-12 are part and parcel of the present decree.

Article 47--The following are repealed on the date of enactment of the present decree:

--Article 6 paragraph D, "Water management duties," article 20d, article 23, 24, and 28 paragraph 2 of Decree 14/1971 concerning the establishment, organization, and operation of the Ministry of Agriculture and Food Industry;

--the provisions concerning the structural norms of water management agencies in the annex "The general directorate for agriculture, food industry, and waters at county level, and the agricultural, livestock, and veterinary inspectorate of the Bucharest municipality, and the units subordinated to them," article 2 paragraph 2 and article 20 paragraph 3 of Decree 162/1973 concerning the establishment of uniform structural norms for economic units;

--the provisions concerning structural norms for regional meteorological and hydrological sections in the "Annex to article 3, article 4 paragraph 1, article 5, article 7, article 12 paragraphs 1 and 2, and article 13 paragraph 3 of Decree 297/1973 concerning the establishment of uniform structural norms for research and planning units--agricultural research and planning units;"

--the provisions concerning the National Council of Waters, point II position 8 in Annex No 1/A to Decree 620/1973 concerning measures to develop energy resources and to more judiciously utilize fuel and energy;

--any other instructions to the contrary.

FOOTNOTES

* Reprinted on the basis of article XIV of Decree No 236 of 2 august 1985, published in the BULETINUL OFICIAL OF THE SOCIALIST REPUBLIC OF ROMANIA, Part I, No 38 of 8 August 1985; the annexes have been renumbered. Decree No 156/1975 was published in the BULETINUL OFICIAL Part I, No 137 of 29 December 1975.

** The annex has been communicated to the relevant institutions.

Annex No 5

The title, location, and hydrographical basin or group of basins for which water directorates are organized

Title	Town	County	Basin or group of basins
Somes water directorate	Cluj-Napoca	Cluj	Tisa with Viseu and Iza; Somes with Somesul Mare, Somesul Mic, and Lapusul, Tur; Crasna
Crisuri water directorate	Oradea	Bihor	Barcau, Crisul Repede, Crisul Negru, and Crisul Alb
Mures-Banat water directorate	Tirgu Mures	Mures	Mures with Tirnava Mare, Tirnava Mica, Aries, Sebes, and Strei, and the Banat rivers
--regional office	Timisoara	Timis	Lower Mures and the Banat, Bega, Timis, Birzava, Caras, and Nera rivers
Jiu water directorate	Craiova	Dolj	Cerna, Jiu with Motru, Gilort, and Amaradia, and the other rivers in Oltenia
Olt water directorate	Rimnicu Vilcea	Vilcea	Olt with Riul Negru, Homorod, Cibin, Lotru, Topolog, and Oltet
Arges-Vedea water directorate	Pitesti	Arges	Calmatui, Vedea with Teleorman, Arges with Riul Doamnei, Neajlov, Sabar and Dimbovita, Mostistea
Ialomita-Buzau water directorate	Buzau	Buzau	Ialomita with Prahova, Buzau, and Calmatui
Siret water directorate	Bacau	Bacau	Siret with Suceava, Moldova, Bistrita, Trotus, Putna, and Rimnicu Sarat
Prut water directorate	Iasi	Iasi	Prut with Baseu and Jijia, Birlad

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ROMANIA

ROLE OF GEOLOGICAL RESEARCH IN DEVELOPING ENERGY BASE

Bucharest ERA SOCIALISTA in Romanian No 16, 25 Aug 85 pp 10-13

[Article by Iosif Bercia: "Romanian Geologic Research and Development of the Energy and Raw-Material Base"]

[Text] Nicolae Ceausescu said, "The Eighth Five-Year Plan will also emphasize more intensive development of the domestic energy and raw material base as an essential to the general progress of the national economy."

The RCP and its general secretary Nicolae Ceausescu have been consistently emphasizing the principle of supplying the domestic demands for mineral and energy-bearing raw materials out of domestic resources as far as possible. The correctness of this policy has been and is entirely borne out by Romania's economic development and by the worldwide raw-material and energy crisis as well. In full accord with this policy geologic and geophysical scientific research work has undergone an unprecedented development in Romania in the last 20 years, with a priority on expansion of the raw-material and energy base through discovery and exploitation of new reserves of mineral fuels, geothermal resources, metal ores, nonmetallic substances and useful rocks.

The extensive scientific research effort and its outstanding results are an integral part of the notable progress of Romanian science and technology in the period following the Ninth RCP Congress, since when the party has been headed by Nicolae Ceausescu. By following the policies set and the directions given by the party general secretary, geologic and geophysical research has contributed considerably to knowledge of the country's geologic structure and accordingly of its mineral resource potential. During this period Romanian scientific research made particular contributions to the discovery and exploitation of major mineral and fuel raw-material resources, especially in the area of the Black Sea Continental Plateau, and accordingly also to the major strategic objective of party policy of enhancing the Romanian economic potential by making the best possible use of domestic mineral resources and of securing Romania's energy independence.

In the second half of the 1960's the Geologic Institute put out the first edition of the Geologic Map of Romania (on the scale of 1:200,000) in compliance with the

guidelines and tasks set by the Ninth Party Congress and by concentrating the specialists' efforts and applying advanced research methods. This work of great scientific renown and vast proportions required sustained field work throughout the country as well as laboratory studies in depth and an intensive design effort. It was presented at the International Geologic Congress in 1968 and was unanimously considered an outstanding scientific event. In the following years the map has been a reference document for all geologic activity in Romania. The first edition of the Metallogenetic Map of Romania (on the scale of 1:200,000), based on its data, is a fundamental scientific work outlining for the first time the genetic units for all the mineral resources in the country and making it possible to begin the first studies for estimating the reserve forecasts as well as the outline programs for geologic research in the major structural units in the country. Moreover new methods were tested and expanded for studying the geologic formations and deposits, permitting in-depth knowledge of the subsoil and the start of the stage of detailed integration of the field projects with the results of geometric interpretation and determination of the age of the crystalline formations and accumulations of associated substances in the East Carpathians, the Banat and the Metal-Bearing Mountains. The prospecting and exploring that were done to extend the forecast and increase the useful potential of non-ferrous ores and some metal ores were based on the new picture obtained. The first general and detailed biostratigraphic correlations in all units of the country were made for the sedimentary formations, with implications for geologic prospecting for mineral energy resources (coals, crude oil and gases) and for other associated mineral substances as well.

Steady development of all the economic sectors according to the plan quite consistently pursued by the RCP and its general secretary for regular development of the productive forces and growth of the national wealth called for concentration of scientific research efforts as well as interdisciplinary investigation of the mineral and subsoil potential. In keeping with that requirement the proper organizational structure was secured by founding the Institute of Geology and Geophysics in 1974 by integrating the Geologic Institute with the Institute of Applied Geophysics. This provided for better use of the large volume of geologic and geophysical data previously collected throughout the whole country. Integrating the two kinds of activity, namely geologic and geophysical research, by correlating the findings made it possible to obtain new models of certain scientific value and with far-reaching implications for clarifying the geologic structure of the land, especially at great depths, for determining the inner laws of the metallogenetic and petrogenetic processes, and for identifying new and promising areas for mineral resources. So began consolidation of basic research and expansion of applied research, chiefly in stratigraphy, paleontology, metallogeny, hydrogeology, marine geology, magnetometry and gravimetry. The development and broader scope of the studies in these fields led to the first regional surveys for areas or deposits of great importance. Marine geological studies were begun on the Continental Plateau of the Black Sea and the Danube Delta in order to determine the heavy minerals potential.

The intensified geologic prospecting and exploration required a strictly scientific geologic picture in sufficient detail in accordance with the extent of updated knowledge and the international standards. To that end the Institute of Geology and Geophysics started an extensive program to make a Geologic Map of Romania (on the scale of 1:50,000) with a priority on the economically important

regions in the area of the geologic and mining enterprises' activity and also in the promising areas with favorable indicators.

Meeting the requirement for mineral and energy resources has always been a priority aim of the RCP's whole economic policy in the last 20 years. In view of the particular Romanian conditions and the world trends, an appropriate strategy was devised at the party general secretary's direction and under his direct guidance to develop the resources and make increasingly efficient use of them in keeping with the needs of the national economy. This strategy, based on in-depth analysis of the most varied aspects of the potential and forecasts for development, is graphically reflected in the provisions of the Special Program for Better Use and Development of the Mineral Raw Material and Primary Energy Base, which was approved by the National Party Conference in December 1982 and became one of the main documents of the 13th Party Congress.

Accordingly the period at the start of the current five-year plan was a stage of complete change for geological and geophysical research, both in the ways of approaching it and in the plan for organizing it and integrating it with the parameters of efficiency and quality required for sustained economic development. The structure of the annual research plans consistently reflected the provisions of the 12th Party Congress and the National Party Conference in 1982 in their documents concerning development of the base of primary energy resources, the need of exploitation of new mineral resources and especially those poor in useful elements, and prospecting for all substances in the less investigated areas.

The founding of the Ministry of Geology in 1981 provided the organizational structure for implementing this extensive program, and the Institute of Geology and Geophysics accordingly became a sectorial institute, considerably intensifying the research effort to solve the very complex problems in order to correlate all geologic activity scientifically with the special programs coordinated by the National Council for Science and Technology, which programs were planned under the direct supervision of Acad Dr Eng Elena Ceausescu, chairman of the National Council for Science and Technology and a world-famous scientist.

The present major aims of research development are to place the programs for geologic prospecting and exploration on a scientific basis, to estimate the forecasts for the main mineral resources, to enhance knowledge of the geology of the country and synthesize it by way of the national geologic and geophysical maps studies and monographs, to investigate the structure of the territory at depths and great depths, to determine the mineral potential of the Continental Plateau of the Black Sea and the Danube Delta, to arrange for exploitation of new deposits, to introduce new methods and equipment for investigating the subsoil and exploiting the ores, and to make modern geophysical equipment.

The diversity of research subjects required further improvement of the organization of the particular activities along with transition to their mixed management (through research sections and programs, the latter being extensions of the special programs) and increasingly intensive integration of the research work with that of the production units, the Ministry of Geology's prospecting and exploration enterprises, and other beneficiary units as well, both in the course of preparing the research plan and during development of the subject and application of the findings. The treatment of some far-reaching studies in the most

diverse fields of geology, geophysics, technological engineering and design as well as other allied sciences resulted in development of interdisciplinary studies in close collaboration with institutes and units in mining, petroleum, chemistry, metallurgy, machine building, nuclear energy, seismology, agriculture et al. This series of efforts made for important scientific findings and their prompt application to production.

Major progress has also been made in integrating research with education. The teachers in higher education in geology are now doing their scientific work in subjects integrated in the research plan of the Institute of Geology and Geophysics, while a number of researchers are participating regularly in the educational process. A large part of the students' experience as well as their graduation projects are under the direct supervision of the specialists in the Institute of Geology and Geophysics, giving students a knowledge of the nature, atmosphere and standards of research work.

Concentrating the research potential on priority objectives is an essential requirement for more effective scientific investigations that has been repeatedly emphasized by the party secretary general. In compliance with that directive the geologic and geophysical researchers have begun comprehensive investigation of some areas less known geologically than other regions of the country, such as the central and western South Carpathians, the Oltenian and Wallachian Subcarpathians, northern Dobrogea, and the western Transylvanian Depression. Special emphasis has also been placed on pinpointing the promising areas for mineral energy resources through comprehensive studies of the carbon-bearing and Liassic oil-bearing formations in the Banat and the neogenous ones containing lignite in Oltenia, Wallachia and Transylvania. These studies led to outlining new areas with major predicted reserves that are to be verified by drilling according to the plans prepared by the Institute of Geology and Geophysics.

The first overall forecast for coals is an important accomplishment of recent years. It is an extensive project based on exhaustive direct reports on operations in all mining fields and areas of investigation, prospecting and exploration by processing and correlating the stratigraphic, micropaleontological and palynological data.

It is another major aim of research development in recent years to study the old metamorphosed geologic formations of Lower Precambrian-Paleozoic age in order to determine the lithostratigraphy, structure and metallogenetic description and to specify the position and expansion of the accumulations of solid mineral resources associated with those formations. For example the investigations in the central Fagaras Mountains are noteworthy in this field, producing data that outline a new picture of the lithostratigraphy and overall structure of the crystalline massif, as well as a detailed description of the formation containing stratiform mineralizations of some nonferrous metals, for which detailed operations are being performed by the ministry's Enterprise for Geologic and Geophysical Prospecting. Thanks to the simultaneous use of the most modern methods of geological and geophysical research, the intensive investigation has made a leap in knowledge of the Paring massif as well, where the geologic picture has been considerably revised.

Northern Dobrogea is another region less investigated in the past where geologic and geophysical research has concentrated its efforts in these years and where

in-depth petrogenetic, metallogenetic, structural and geophysical studies were made at the same time as the first detailed geologic maps on the scale of 1:50,000. Use of this broad range of investigative methods led to findings that open up new prospects for study of the region at greater depths, to longer forecasts of reserves in the extensions of deposits, and to determination of the genetic types for various mineralizations.

Note that in general the research findings on the sedimentary formations of various ages indicated on the geologic maps and in the accompanying studies and in the syntheses and monographs concerning these formations help to determine and direct the geologic operations for all the associated mineral substances and especially for fluid mineral energy resources (petroleum and gases). The special studies for the geologic forecast and the mineral resource potential have had and have various substances as objectives, such as coals and bituminous shales, iron and manganese ores, nonferrous and gold- and silver-bearing ores, low-grade copper ores, bauxites, bentonites, gypsum, refractory clays, asbestos, talc, diatome, feldspar etc. The promising areas outlined and the reserves estimated in these projects directly serve the planning and direction of the geologic prospecting and exploring operations and provision for adequate coverage of territory.

The studies to evaluate the mineral potential of the Black Sea Continental Plateau and the Danube Delta have an important place in the work of the Institute of Geology and Geophysics, and they are conducted in the course of the special programs coordinated by the National Council for Science and Technology. The results in the marine field consist of the bathymetric picture and geologic-sedimentological description of a considerable area of the Continental Plateau, and in the course of the program for off-shore geologic research and drilling studies for optimal placement of the off-shore drilling platform and of the intake conduit for hydrocarbons have been made for the Ministry of Petroleum. New areas have been outlined in the Delta for forecasting heavy minerals as well as areas of quartzite sands.

Thanks to preparation, introduction and development of new methodologies for studying the subsoil (teledetection, magnetotelluric, geomagnetic, gravimetric and isotopic methods, electromagnetic shadow etc.), the investigation of its depth structure made very important gains in pinpointing and distinguishing the main geologic structures and formations that could be new sources of mineral raw materials, in the Leota Mountains, eastern Fagaras, the Metal-Bearing Mountains, Bihor, the volcanic area, the Flysch and foreland area of the East Carpathians, the Getic Depression, the Moesian Platform, the Pannonian Depression and Dobrogea. The data on the depth structure of the subsoil, corroborated by other geological, geophysical and forecast data, determines the depth drilling program for the whole territory of the country. The results of these studies also help to further improve the overall geologic picture and to check or substantiate the hypotheses about the conditions, accumulation mechanism and forecast of the country's mineral resources.

These research efforts will bring about an important leap in knowledge of the geologic structure of the national territory in this final year of the current Five-Year Plan, as well as more intensive work toward the above-mentioned research objectives with further emphasis upon greater prospects for mineral energy resources (coals, hydrocarbons and geothermal energy) or for ferrous and

nonferrous ores and nonmetallic minerals in order to meet the requirements of the fully developing Romanian socialist economy.

Accomplishment of the far-reaching research and planning objectives assigned for this Five-Year Plan will make it possible to approach the Program for Scientific Research, Technological Development and Introduction of Technical Progress for the 1986-1990 Five-Year Plan. This program, prepared under the supervision of the National Council for Science and Technology in conformity with the policies and tasks set by the 13th Part Congress, calls for redoubled efforts in the field of geologic and geophysical research to develop the base of primary mineral and energy resources, to diversify them to meet the domestic production requirement, to extend the fields of investigation to new depths for all substances, and to take up exhaustive research with a combination of the most modern and efficient methods, all for the purpose of increasing the country's useful mineral reserve, especially for the prospects of the beginning of the next millennium.

An efficient approach to these objectives calls for essential changes in basic and applied research and in the very attitude toward the object of investigation as well. A major leap is to be made in development of new geologic hypotheses and in application of peak technologies and equipment up to world standards. Accordingly it is intended to reconsider and reevaluate the forecast for coals and combustible shales for the next five-year plan according to what is known so far, while continuing the comprehensive studies for biostratigraphic correlation of the coal-bearing geologic formations in the Moesian Platform, the Getic Depression, the Subcarpathian area, the Pannonian Depression, and the external basins in the Western Mountains and the Transylvanian Depression. In the field of prospecting for fluid mineral energy resources (petroleum, gases and geothermal waters), comprehensive investigation will begin of the surface and bed formations in the Getic and Pannonian depressions and in border areas between platforms and the Carpathian Fore-Depression, which are important areas for hydrocarbons.

A new strategy is specified for developing the metallic and nonmetallic useful minerals, combining the most modern metallogenetic, structural, petrological and geophysical methods in order to obtain the main elements pertaining to development of the geologic formations likely to accumulate such resources, both in extensions of the known deposits and in less known areas (South Carpathians and Dobrogea) or in other promising units (East Carpathians, Western Mountains and the Banat). At the same time the geologic and geophysical studies to evaluate the economic prospects for solid mineral resources at greater depths will be intensified, since those resources represent the mineral potential for the more distant future.

In the course of the special program for studying the marine resources, the investigations will be extended from the Black Sea Continental Plateau into the talus area and to great depths. Seismoacoustic, bathymetric and sedimentological studies of the Continental Plateau will also be continued in order to increase the heavy minerals potential and to determine the best locations for off-shore drilling platforms.

Equipment of the Institute of Geology and Geophysics in the next few years with a special ship outfitted with modern geological and geophysical equipment for lifting and analyzing samples from the sea bottom and for radionavigation and

automated computing will permit studies in the world ocean to exploit polymetallic nodules and other mineral resources characteristic of the marine environment. Scientific cooperation in this field will be developed with various appropriate institutes abroad.

Investigation of the Delta's mineral resources is to be continued under the specially prepared program and intensified in order to outline new areas for forecasting and to improve the genetic model, with direct effects for investigating the known mineral potential of the Delta formations.

Geologic maps on the scale of 1:50,000 will be made in the next five-year plan for a considerable area of the national territory, with a priority on the geologic units whose economic prospects are to be verified by geologic prospecting and explorations or on those with favorable aspects for forecasting. Work will begin on the geologic maps of the Black Sea Continental Plateau and on certain kinds of detailed geophysical maps. The Institute of Geology and Geophysics will also get out a modern edition of the Geologic Map of Romania on the scale of 1:500,000, awaited with great interest by the fellow institutes in Romania.

The basic research objectives will be to acquire new knowledge marking progress in the geologic and geophysical sciences and directly benefiting applied research. The metallogenetic and petrological studies, based on the latest hypotheses and experimental and field data, will establish genetic models for the main types of accumulations of mineral resources and especially those with complex formation conditions that have not yet been entirely explained. A wide range of modern and highly technical investigative methods will be used for the purpose, and the results will be directly used in preparing the metallogenetic maps and the syntheses for regional forecasting, determining the geologic prospecting programs and describing the deposits.

According to Nicolae Ceausescu's directions at the Joint Plenum of the National Workers Council and the Supreme Council for Economic and Social Development in June 1985, steps will be taken to strengthen the tie between geology and the mining and petroleum sectors in order to confirm the raw material reserves sooner and to exploit them as soon as possible. To that end the Institute of Geology and Geophysics will make more provision for solution of the problems in connection with the start of economic exploitation of new mineral raw material sources while contributing to preparation of the documentation to substantiate the start of the Ministry of Geology's exploitation of the smaller deposits. The geologic and geophysical researchers will increase their efforts to lend specialized aid to the appropriate beneficiary units in various sectors of the national economy in all stages up to exploitation. That will enhance the institute's contribution to solution of the technological problems of preparation in the laboratory stage in order to exploit the ores poor in useful elements and those difficult to prepare, and also to determination of the technical-economic studies and those of industrial conditions for the new objectives. This will secure fulfillment of some very important tasks of scientific research for enlarging the base of mineral raw materials and energy resources in the next five-year plan and in a more distant future as well.

The era inaugurated by the Ninth Party Congress marking the beginning of radical material and spiritual changes in Romanian society is the most eventful, most

significant and the richest in achievements in all Romanian history, the era of a powerful and unprecedented advance of Romanian science and technology. In view of the important results it has obtained in this period, geologic and geophysical research is called upon to go on working with the highest sense of responsibility and concentrating its forces in the directions critical to the nation's socioeconomic progress and especially in the direction of securing development of the raw material and energy base. Nicolae Ceausescu says, "Considering both the specifically Romanian problems and the international developments, it goes without saying that we must give priority to direction of research toward better knowledge and use of all the natural resources that Romania has, with special emphasis upon discovery of new sources of energy, fuels and raw materials."

Responding to the important tasks assigned by the party general secretary and facing the great objectives set by the 13th Party Congress for the next five-year plan, the scientists and all research personnel in the field of geology are showing their determination to make every effort to enhance the efficiency of geologic and geophysical research and technological engineering by consistently promoting the new and collaborating more and more closely with the pertinent enterprises and with geologic education in order to know and exploit the mineral and energy resources in the Romanian subsoil as fully as possible, especially those at greater depths, as well as the deposits poor in useful substances. In that way geologic research will help to secure the raw material and energy base required for the intensive, qualitative growth of the economy as a whole as a basic essential for the all-around development of Romanian socialist society.

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ROMANIA

COMPETITIVENESS OF MINING, PETROLEUM EQUIPMENT EXPORTS

Bucharest ERA SOCIALISTA in Romanian No 16, 25 Aug 85 pp 43-44

[Article by Lica Milescu: "Quality, Competitiveness and Efficiency Characteristics of Exported Petroleum and Mining Equipment"]

[Text] The RCP and the state have specially emphasized all-around development of petroleum equipment production in the period following World War II and particularly in the last 20 years. This basic sector of the machine building industry has undergone a steadily increasing development reflected in the assimilation of a wide assortment of installations, equipment and tools for the needs of the domestic petroleum industry and for export to all continents as well. Coverage of the domestic requirement for these products has steadily increased, reaching 98 percent in the current five-year plan. Meanwhile there has also been a notable gain in integration of production, in the form of reduced imports and a greater volume of exports of petroleum equipment.

Romanian petroleum equipment is constantly diversified as components, materials and technologies are assimilated by the respective industry. The Romanian petroleum equipment industry is accordingly kept up with world progress, securing its continued presence on the foreign market with a rich assortment of petroleum equipment alongside the best-known foreign specialized firms.

In the wide and diversified assortment of petroleum equipment, the FO-type drilling installations for geologic prospecting by continuous core-sampling are distinguished by their technical-operational and economic performances. They come in a parametric series according to the maximum load on the hook (freight tons) of five standard sizes, namely 0.63, 1.2, 5, 8 and 20 freight tons. They permit 13 structural variants depending on the drive (mechanical or hydraulic), the type of drive engine (electric, diesel or pneumatic) and the transportation method (in units, rail car, trailer or truck).

The crude oil and gas installations of the F type come in a series of seven standard sizes, namely 50, 125, 200, 320, 450, 580 and 900, with modulated equipment so that 32 different kinds of installations can be formed according to the structural variant and the kind of drive.

The domestically manufactured mud pumps for drilling come in a series of six standard sizes, namely 400, 500, 700, 1,000, 1,300 and 1,600, forming 10 structural variants according to the 2PN duplex structural type with double effect and the 3PN triplex type with triple effect.

The P-type installations for intervention, repairs and activation of wells, as well as the F-type transportable drilling installations, are noteworthy for their superior characteristics. They come in five standard sizes, namely 20, 32, 50, 80 and 125 for intervention and 32, 50, 80, 125 and 200 for drilling.

The cementing and fissuring assemblies are made in 17 technological variants, depending on whether they are equipped with one or two complete pumping lines and the kind of drive, for pressures of 350, 500, 700, 1,000, 1,050 and 1,400 bars.

The petroleum equipment industry's output also includes a wide variety of tools for handling, instrumentation, tubing and cementing as well as drilling bits.

Product standardization is a distinctive feature of petroleum equipment construction, and particularly the fact that the standardization conforms to the norms in widespread international circulation. Conforming to those norms, the petroleum equipment manufactured in Romania guarantees quality and safety in operation as well as a high competitiveness on the world markets.

The manufacturing program in the current five-year plan and thereafter largely consists of new and modernized products that have passed the tests of standardization and maximum efficiency. The groups of new and modernized products that have been designed and manufactured are distinguished by fine performances and reduced consumption of metal, conventional fuel and energy as well as performances up to world standards.

INDUSTRIALEXPORTIMPORT-PETROMIN, one of the most representative Romanian foreign trade enterprises, specializes in exports of petroleum and mining equipment and industrial fittings and can supply foreign customers with complete equipment covering practically all technologies of geologic prospecting and of drilling and operating the oil and gas wells, grouped in the following machine systems:

- Geologic prospecting for hydrocarbons and geologic and hydrogeologic drilling;
- Drilling oil and gas wells;
- Extracting oil and gases;
- Drilling and oil extraction by mining methods;
- Tool systems for handling, instrumentation, tubing and cementing for drilling and extraction;

The INDUSTRIALEXPORTIMPORT-PETROMIN ICE [Foreign Trade Enterprise] has been steadily developed ever since it was founded. Its activity has been developed intensively and extensively, its labor organization has been improved, and a regular effort has been made to consolidate and diversify its connections with its foreign partners, most of whom have become traditional.

In compliance with Party General Secretary Nicolae Ceausescu's directions, the enterprise makes every effort to conclude and strictly observe long-term agreements and contracts with the socialist countries and developing countries and also with various companies and firms in developed capitalist countries.

Operating in all quarters of the globe as a well-known firm in the trade in complete petroleum and mining equipment, the enterprise is increasing its export deliveries every year. The high technical and qualitative standards whereby its products are manufactured are the main reasons for that increase.

The growth rates of the export deliveries in the last 30 years show a regular development. For example, in 1965-1985 alone, the most productive period in Romania's national economic development, exports of petroleum equipment increased by more than 10 times.

Of course there are many reasons for the enterprises' efficiency. Its close and productive collaboration with the research and design institutes as well as the supplier units is an important factor. Its collaboration with IPCUP [Institute of Scientific Research and Technological Engineering for Petroleum Equipment and Industrial Fittings] is noteworthy in this connection, as well as that with the units supplying petroleum and mining equipment and industrial fittings, such as the Floiesti 1 May Enterprise, the Cimpina Machine Enterprise, the Tirgoviste Petroleum Equipment Enterprise, the Cimpina Neptune Enterprise, the Giurgiu Machine Building and Heavy Equipment Enterprise, and units under other industrial centrals such as the Bucharest Vulcan Enterprise, the Bucharest Heavy Machinery Enterprise, and other enterprises specializing in mining equipment as well. The purpose of this collaboration is to obtain products on a high technical and qualitative level with performances up to world standards. And finally, it is intended to meet the foreign partners' demands promptly and to maintain Romania's position as the secondmost exporter of petroleum equipment in the world.

The rise of the technical and qualitative level of the drilling installations is significant, supplemented as they are with all the mechanical equipment needed to perform the operations assimilated in 1960-1985, and they have been operated at home and abroad, giving proof of the superior quality of Romanian petroleum equipment. Here are only a few of the more significant accomplishments in this respect: The 4 DH-315 installation set a series of depth records in Europe, namely 7,120 meters in 1973, 7,300 meters in 1975, 7,500 meters in 1976, and the 8,000 meters and more to which two wells were dug in 1977-1980. The F200-3DH installation, with which wells 5,000 meters deep were dug, set the Latin American depth record at 5,500 meters in Argentina in 1968. The F320-3DH installation assimilated in 1971, with which a well over 6,000 meters deep was dug, set the Romanian depth record at 6,305 meters and later at 6,500 meters. And finally the F500 DEWL drilling installation should be mentioned, which was manufactured in 1973 and with which some very deep wells were dug. The one completed in 1984 exceeded a depth of 7,000 meters.

The collectives of the supplier enterprises as well as that of INDUSTRIALEXPORT-IMPORT ICE can take legitimate pride in the titles and medals won at various international exhibitions. The gold medals awarded for the drilling installations in the F assortment at the Leipzig, Hanover and Baku international trade fairs demonstrated the superior quality of the Romanian equipment, which rivals the comparable petroleum equipment made by well-known firms like Oil Well, National, Ideco etc.

Romanian petroleum and mining equipment was also valued at the international trade fairs in Damascus, Teheran, Bogota, Tripoli, Cairo, Beijing, Caracas, Lima etc., where a number of these installations received honorable mention, including the control heads at the Teheran Trade Fair and the pumping units at the Caracas Trade Fair.

Work on off-shore drilling began by outfitting a platform of the self-elevating type (manufactured in collaboration with a specialized foreign firm) with drilling and power equipment designed and constructed entirely in Romania. This platform, called GLORIA, is for a maximum depth of 90 meters of water and can drill wells down to 6,000 meters. Several wells over 5,000 meters deep have been drilled with GLORIA so far, showing excellent performance.

In 1982 a second platform of the same type called ORIZONT and built entirely in Romania began drilling in the area of the Romanian Continental Plateau of the Black Sea. Other platforms are under construction.

In conformity with the Directives of the 13th Party Congress, raising the technical and qualitative standards of products and further increasing the proportion of products with peak performances by world standards are the main objectives of the sector for building petroleum equipment. In view of these assignments, the machine systems for geologic prospecting, drilling and extraction, consisting of installations and equipment with a high content of added value, will be manufactured with a modular and functional design.

The foregoing are specified in special, multidisciplinary programs for raising the technical and qualitative standards of petroleum equipment. It is intended to enlarge the existing assortment of installations, and especially the equipment for drilling and operating the wells, to provide for present and future depth drilling. The P900-EC drilling installation is noteworthy for deeper drilling, and the DEC one for drilling depths exceeding 15,000 meters.

The next five-year plan will also include manufacture of drilling installations in large blocks, portable by helicopters, for low temperatures (-60°C) and arid areas ($+55^{\circ}\text{C}$), highly transportable, and able to operate in difficult areas; extraction pumps operated with sucker rods with cylinders 4 meters long and greater durability and, in the future, an enlarged assortment of cylinders over 6 meters long; multistage centrifugal pumps with electric motors for wells with heavy discharges and medium pumping depths; systems for automated control of drilling-extraction processes; units for collection and transfer of the oil in a closed system and for cutting the losses of light hydrocarbon fractions, and installations for drilling mine shafts with large diameters for exploitation by mining methods.

As a whole the objectives of scientific research, technological development and technical progress for 1986-1990 and 1991-2000 call for production of installations and equipment for drilling and operating wells at great and very great depths characterized by: great pressures of 1,400-2,100 bars; temperatures up to 400°C and environments with high H_2S and CO_2 content; drilling and exploitation in very difficult geographic areas such as the arctic zones (-60°C), arid areas ($+55^{\circ}\text{C}$), swamp and jungle areas (requiring highly transportable installations) etc.; exploration and exploitation of the continental shelves of seas and

oceans, and exploitation of oil deposits by primary, secondary and tertiary methods in order to enhance the factor of recovery of oil from deposits.

These priorities call for the structural changes that will be made in the list of products and the main directions of development in support of the policy of securing Romania's energy base and maintaining the peak technical level of the Romanian petroleum equipment on the world markets.

The success of the special programs (designed to permit competitive products with lower inputs of materials, fuels and energy and high technical-economic and operational parameters) demonstrates the firm resolve of the workers in the INDUSTRIAL EXPORT-IMPORT-PETROMIN ICE to make a greater contribution to scientific research and technological engineering and to increase their efforts toward effective promotion of exports.

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YUGOSLAVIA

NIKOLOVSKI ON FOREIGN EXCHANGE ISSUES

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pp 16-18

[Interview with Vanco Nikolovski, delegate from Socialist Republic of Macedonia in the Federal Chamber of the Federal Assembly, by Jug Grizelj: "NIN's Questionnaire--Causes of Crisis in Yugoslavia, No 10; Let's Not Play with Fire"]

[Text] Vanco Nikolovski, delegate from the Socialist Republic of Macedonia in the Federal Chamber of the Federal Assembly, says that the foreign exchange system which has existed up to now can be maintained only if we change the constitution and abolish the unified Yugoslav market. The foreign exchange system which we now have has created a crisis, has introduced elements of a common market, incited national antagonisms, increased feelings of economic self-interest, acted to reduce exports and to provoke uncontrolled levels of imports and indebtedness.

Vanco Nikolovski (1922, Negotino), a delegate of the Socialist Republic of Macedonia in the Federal Chamber of the Federal Assembly, is not one of those Yugoslav officials whose picture is familiar to everyone from the newspapers. For that reason, here is an introduction. He was a participant in the War of National Liberation after 1941 (and a member of the Communist Youth League of Yugoslavia after 1940) and among the offices in the Socialist Republic of Macedonia he has held are those of Vice-President of Trade Unions and Secretary for Industry and Trade of the Executive Council of the Macedonia Assembly. He came to the Federal Assembly seven years ago, first as a delegate in the Chamber of Republics and Provinces, and now as a delegate in the Federal Chamber with a delegate base in the Macedonian Trade Union. He graduated from the Djuro Djakovic Advanced Party School from the Economic Faculty. Over the last three decades he has been intensively engaged in systemic questions in Yugoslavia.

Although not a name belonging to the "first echelon," Vanco Nikolovski is one which has been encountered quite often in the newspapers in recent years from assembly chronicles. As opposed to the majority of his colleagues, he is a delegate who takes a very active part in the work of the chamber, tirelessly engaging in discussions, asking questions, strongly defending his positions, and often provoking stormy discussions, in open debates.

As the subject of the NIN interview, he was occupied, among other things, with the sharpness and seriousness of words stated at the last meeting of the Federal Chamber of the Federal Assembly (during a basic discussion on the proposal of new foreign exchange laws made by the Federal Executive Council). On this occasion, Vanco Nikolovski said, among other things: "In spite of the general readiness of working people to change the situation in society, powerful forces still exist which want to retain the old foreign exchange system, along with a certain cosmetic adjustment. They are now saying that the concept proposed by the Federal Executive Council [FEC] distorts associated labor, introduces a large amount of bureaucracy into foreign exchange operations, is detrimental to the interests of the export economy, and provokes uncontrolled levels of imports and indebtedness. In fact, they are trying to postpone a decision in accordance with the FEC's new proposal, thereby setting in motion both a formal and a procedural question. I am deeply convinced that they are not concerned with associated labor here, nor with the export economy. The essence of the opposition exists because the proposed concept of the law must essentially reduce the social power of statist forces in republics and provinces to manage and make decisions concerning foreign exchange in the name of associated labor..."

Replying to Nikolovski, delegate Stevo Stanivukovic (Socialist Republic of Croatia) requested that the Federal Chamber disassociate itself from "irresponsible statements concerning pressures of reactionary forces," asking himself and the delegates "of what reactionary forces is Comrade Vanco Nikolovski thinking?"

Thus, the interview dealt with changes in the foreign exchange system and the different positions of republics and provinces.

[Question] Comrade Nikolovski, why do you think it is necessary to intensify discussion about a new foreign exchange system to this extent?

[Answer] Because of the fact that discussions concerning the foreign exchange system are taking an extraordinary undesirable turn, threatening to dilute and to repudiate completely the efforts of the FEC to make basic changes which are based on the Constitution and which proceed from the Long-Range Program of Economic Stabilization. The basic concept of the proposed foreign exchange law is being challenged and an addition to the existing law is being proposed, forgetting that up to now we have already added to this foreign exchange system three times and that after each addition things have gotten even worse. I personally think that the foreign exchange law cannot be supplemented, but that it must be basically changed. Similarly, there is nothing positive to be gained from the existing system because the things it is based on are untenable (it is based on foreign exchange accounts of organizations of associated labor [QAL], an agreement process between business partners concerning joint export and distribution of foreign exchange, and republic laws to control foreign exchange flows in republics and provinces through social-political interest communities for economic relationships with foreign countries, or through banks).

[Question] Up to now there have been heated dialogues between representatives of republics and provinces over the foreign exchange system, but now, for the first time, harsh words such as "reactionary forces" have been used?

[Answer] I have not used these words, but Stanivukovic has. Let him explain what he means by them. I have used the expressions "powerful forces" and "etatist forces," and these are not harsh words because they are often used as a part of our political terminology.

[Question] Why are you against the agreement process of the old system, and for fundamental changes?

[Answer] You see, the basic decrees of the old law were annulled by a decision of the Constitutional Court of Yugoslavia, and the whole system was directly based on them. Because of this, any addition to the system established on the old bases will be a cosmetic adjustment and an ostensible reconciliation of this law with the Constitution. This should not be permitted because the system will again begin to affect the economy, social-economic relationships, and the political situation in the country in a destructive way. The general public of our country is familiar with the harmful consequences of the foreign exchange system which has existed up to now. During 1984, we received \$5 billion less for almost the same quantity, or a greater quantity, of Yugoslav exports than in 1981, when the foreign exchange market ceased to function. Without a foreign exchange market, a unified market, the system which has existed up to now has severed reproductive connections in the economy, has led to stagnation in production, made the dinar worthless and removed it as a means of payment in the country, has become a basis and an alibi for national economies, has alienated OALS and republics and provinces throughout Yugoslavia with regard to foreign exchange, has introduced a great deal of bureaucracy, and has strengthened the power of etatist forces to undreamed of levels. How, then, after such serious criticism concerning a systemic law, can it continue to be defended and can people continue to demand that it be used as a basis for an addition to the foreign exchange system? I think that we're dealing with falsely understood interests and insufficient information about the real consequences of further maintaining the basis of the old system. I am convinced that neither the people who refuse to engage in any discussion about a new foreign exchange system, nor the circles which politicize and indoctrinate on this basis, are aware of this. People don't understand where the old system is taking us. If they did understand, they would probably hope that other republics would become less strict, and thus their narrow and selfish interests would be imposed upon society as a whole. Isn't it incomprehensible that they have not learned any lessons from past experience? I don't think that, in general, it is a matter here of a willingness of other republics and provinces to be less strict--and this has happened up to now--but about objective relationships which have developed and which will continue to develop independently of the will of the people. If someone, or some republic or province, lays claim to foreign exchange and obstructs foreign exchange flows to republic borders, then other republics and provinces will also do this with energy, raw materials and food. Everyone has something which can be used for blackmail. Why don't people understand that if there continues to be further division into finalists and nonfinalists a day will soon come when even those who have electricity will sell it abroad, those who have food will go to the export market, and those who have semi-finished materials and raw materials will do the same thing, and if they

are forbidden to sell abroad they will seek payment in foreign exchange within the country, because their goods have foreign exchange value.

And this is exactly what has happened in recent years. Have we not simultaneously sold cheaper and bought dearer oil, wheat, and many other products, even though we have sworn politically--and regulated legally--that we would not allow this to happen any more! If the dinar continues to be pushed out as a means of payment, then the next natural step--and I repeat that this is independent of the will of the people--is to break up the unity of the tariff system. Every republic will set its own tariffs for imports across its borders. If this step is taken the market will assume the form of a common market in which inter-republic turnover will represent reciprocal import and export of goods and services. This must also lead to a change in the political profile of the federation.

Look, these are the extreme (but not impossible) consequences of the current foreign exchange system. They become apparent with a simple inspection of statistical data from all areas of goods turnover and monetary turnover between republics and provinces.

[Question] Are you figuring on the strong polemics and the opposition which will be provoked by your positions among those who do not share your opinions?

[Answer] I am completely aware of this opposition, and I say what I say because I think that continuing to wrap our essential political and ideological disagreements within the cellophane of "natural differences" and "pluralistic interests" is becoming very harmful and dangerous. For myself, the only important question is whether our nations and nationalities, our people, the working classes, and the membership of the LCY in all of our republics and provinces, truly want the extreme consequences about which I have spoken, as it often appears that they do when they appear in forums in support of them. That is why it is interesting to try to figure out why in some circles the essence of different positions is passed over in silence, and how it can be that in some republics a position on breaking up the unified Yugoslav market, and thus the country as a whole, meets with approval. I am convinced that this is only because working people do not have correct and complete information, nor do they know where this foreign exchange system is taking us. I am similarly convinced that not even many supporters of the opposition in these circles are aware of this. They are usually proceeding from some republic interest which is "too specific" to be able to become a common interest; in addition, the consequences are not taken into account.

Foreign exchange cannot be a part of anything else but of society as a whole, Yugoslavia as a whole. It cannot, if a unified Yugoslav market and a division of labor within it exists, belong to one special work organization, and still less belong to a republic. Production for export begins in the fields and the mines and ends with the so-called finalizer and exporter, and that is why products which are exported represent the total social labor of workers from the entire territory of Yugoslavia. Because of this, it is hard to fathom that foreign exchange can belong to

someone, especially an individual or a group. If this concept is understood and accepted, and it is, without a doubt, a constitutional principle, then it will be easy to find a solution to all problems in the foreign exchange system and to answer the question of how to stimulate exports, how to prevent an uncontrolled level of imports and indebtedness, how to attain self-management association of labor over the entire territory of Yugoslavia. Because of all this, I think that it is high time that discussions about the ownership of foreign exchange be terminated.

[Question] It is interesting that both the supporters of the old, existing foreign exchange system, as well as yourself, maintain that they want to work on constitutional principles. Obviously, both of you can't be right?

[Answer] That is correct. That is why I want to say very clearly that the foreign exchange system we have had up to now can only be maintained if basic changes are made in the Constitution, and, among other things, if the unified Yugoslav market is abolished. The existing foreign exchange system is untenable within the present constitution because it directly undermines basic constitutional principles.

I wonder if it is clear to all of us that we are directly faced with two alternatives, either having a unified market or a common market. There is no third choice. The way things have been up to now, with a mixture of elements of a unified market and elements of a common market, cannot be maintained and has given us familiar results, regardless of the fact that some circles believe that it has been beneficial to them. Whether we like it or not, whether it's what we want or not, either the foreign exchange system will be unified and the dinar will be a unified national currency which performs all the functions of money on the unified Yugoslav market (as a means of payment, as a measure of value, and as a means of settlement), or the tariff and monetary system will assume the characteristics of a common market, and I repeat that we will quickly have republic money and republic tariffs, i.e., the republics and provinces will be like separate states which will have international relationships just like any other state in the world.

This is why I speak so strongly, and because of all these things, I think that any ideological, social-political, and, if you will, communist, analysis, would make it apparent that we are now, in fact, at a turning point, in discussions and quarrels over whether or not to adopt proposals on the foreign exchange system being made by the FEC, not only concerning foreign exchange law, but also concerning laws on planning, and laws on the credit-monetary and banking system, which will have an essential influence on the fate of the country in the immediate future. These laws would have to provide for abolishing the development of autarchy in our country and for greater integrity and unity in the economy and the country. Because as a result of our present development and because of all discussions, the masses are being politicized and indoctrinated, national antagonisms are being incited, economic self-interest and nationalism are increasing, and--is it not quite apparent--extreme nationalistic forces are joining national bureaucracies and they can hardly wait for their time to come.

You asked me if I was aware of the gravity of my words. I repeat, I am aware, completely aware, and I know well that for all of this any label may be hung or pasted on me, given to me or foisted off on me. And though I know this, I maintain that we are not dealing here with a unitarianist unity but with unity based on the Constitution and on the fundamental heritage of the Yugoslavian revolution--brotherhood and unity, federal order and equality of nations and nationalities. Tito promised us that we would guard this heritage like the apple of our eye. That is why it is high time we understand that we dare not play with fire, because if the fire gets out of control, it is difficult to put out.

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